

AD-A081 018

DEPARTMENT OF STATE WASHINGTON D C OFFICE OF EXTERNA--ETC F/6 5/4
BRAZIL'S MULTILATERAL DIPLOMACY, (U)
DEC 75 W A SELCHER

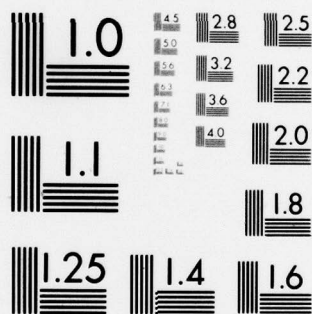
UNCLASSIFIED

FAR-25259

NL

1 OF 2
AD A081018
FEB 76





MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS-1963-A

LEVEL II

1

FAR

25259

6

BRAZIL'S MULTILATERAL DIPLOMACY

18

FAR

by

19

25259

10

Professor Wayne A. Selcher

A study prepared for the
Department of State under
its External Research Program

11

Dec 1975

12

19

DTIC
ELECTE
S FEB 25 1980 D

A

Views or conclusions contained in this study
are those of the author, and should not be
interpreted as representing the official
opinion or policy of the Department of State.

Accession For	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NTIS GAA&I			
DDC TAB			
Unannounced			
Justification			
By			
Distribution/			
Availability Codes			
Availand/or			
special			
Dist.			
			A

DISTRIBUTION STATEMENT A

Approved for public release
Distribution Unlimited

403831

gmc

DDC FILE COPY

ADA081018

Accessioned For					
NTIS GRA&I					
DDC TAB					
Unannounced					
Justification					
By _____					
Distribution/_____					
Availability Codes					
Available/or Special					
Disc #					

by

Professor Wayne A. Selcher

Resources and Commodity Issues

As international supply of primary commodities has become important in multilateral diplomacy, Brazil has evolved responses that reflect its heavy dependence on foreign sources for minerals and energy as well as its own planned production of some of these commodities within several years time.

Brazil's Second National Development Plan (1974-79) rests on its ability to supply national industry with imported non-ferrous minerals (about \$0.6 billion in 1974) and petroleum (about \$3 billion in 1974) upon which it depends so heavily now, but without incurring unmanageable deficits in the balance of payments (the 1974 trade deficit totalled \$6 billion).

To date government policies on raw materials, resources and energy issues have emphasized self-help and bilateral arrangements much more than general international cooperation. Brazilian policy assumes growing economic nationalism and the need for caution about the viability of multilateral efforts in such matters. Brazil showed an initial interest in the iron ore producers association, but then decided not to join. Producer groups in tin and copper would be adverse to Brazil's interests because the country will continue to import tin and copper for some years. In several years, it will become a major exporter of bauxite.

On energy imports Brazil wishes to avoid any multilateral action that would cast it in the role of consumer with the industrialized states (particularly the United States, in order to keep out of any US-Arab political differences and for fear of possible US military intervention in the Middle East) and against the Arabs on whom it so greatly depends.

Brazil abandoned its equidistant posture of the 1960's vis-a-vis the Arab-Israeli conflict under joint Afro-Arab pressures in a change of policy announced in January 1974. The Arabs initially did not require Brazil to make a complete break with Israel as the price of general political acceptability and ability to further its planned expansion of bilateral relations with the Arab states in diplomacy, trade, reciprocal investments and advantageous oil concessions to Braspetro (foreign arm of Petrobrás). In late 1975, however, Brazil seemed willing to give more vigorous support to the Arab cause. Earlier, Brazil occupied the role of representative of Latin America in March 1975 tripartite (producer, consumer, LDC) preparations for a world energy conference, a recognition accorded by OPEC and France. Brazil adjusted its conflicting interest in the situation at that time--as a major oil consumer and large raw material producer--by supporting the other LDCs on the Prepcon (India, Zaire) to form a front with the OPEC representatives, primarily to serve its Arab diplomacy, and also to support the case for better prices for raw materials, an LDC bargaining chip in negotiations with the developed countries.

The bulk of Brazil's export earnings will continue to come from raw and processed agricultural products. Compared with the other LDCs, Brazil has superior marketing and promotion systems to sell its products abroad, an economy that can more easily store and finance commodity stockpiles, diversification that protects against the natural disasters

and price fluctuations to which agricultural exports are vulnerable, and internationally competitive production standards. Its concern with agricultural commodity marketing is therefore great. As the largest producer of coffee and cane sugar, second largest soybeans and third in cacao, its attitude will influence the success of exporter groups.

In coffee sales Brazil has had recurrent conflicts of interest with other producer countries as the strongest as well as largest producer and exporter. In 1974 Brazil lost ground to other countries by unilaterally holding for a rise in prices, and its share of the market dropped severely. Then the disastrous freeze of July 1975 struck Brazil's coffee-growing areas, wiping out the crop and killing a large part of the coffee trees. However, Brazil was able to profit by the resultant sharp climb in prices and will be able because of its stocks to cover its export needs in 1976-77.

As of mid-1975 Brazil has committed itself to the negotiation of producer-consumer agreement on coffee, because its interests had been poorly served by the producers-only arrangement. For the moment also Brazil has no plans to curtail sugar exports to raise prices and will not support any effort by other Latin American countries to restrict sales.

Multilateral Objectives and African Ties

Brazil is not a leader in Third World organizations, but it has cultivated an image of solidarity with the LDCs and sought leverage from this association in a variety of ways.

In particular, the Brazilian government has promoted bilateral relations--trade, aid, investment, and cultural cooperation--with Sub-Saharan Africa largely as a facet of its multilateral diplomacy. These relations have relevance to Brazil's posture among the LDCs, commodity matters, and, most recently, its relations to the Arab oil producers with whom the African states were induced to make common cause during the 1973-74 oil boycotts. Brazil's own defeat in the UN over the Itaipu issue of prior consultation in the use of shared natural resources did much to heighten its interest in political relations with Africa. All of which is to say that Africa is useful to Brazil, not so much in and of itself, but for possible leverage that may strengthen the Brazilian position elsewhere.

International Financial Institutions

Sound credit ratings and careful monetary adjustment policies have been characteristic of and crucial to Brazil's economic boom, allowing it to make considerable use of the international financial system to attract foreign investments and multilateral loans for development projects. Brazil's main interests have been development finance and resource transfer, trade negotiations, and monetary reform; it has tried, where feasible, to link these issues to favor developing countries, in particular the intermediate group to which Brazil belongs. Its growing international trade, the expanding economy, and the decline of sources of bilateral governmental aid have served to make international financial institutions increasingly important to Brazil. While Brazil differs in

interests from the dominant establishment, a broad gap also separates its policies from those of the majority of developing countries as well.

The Finance Ministry is concerned about the national credit rating and works well with the representatives from the industrialized states that dominate international finance. The Foreign Ministry--sensitive to LDC calls for solidarity in forums such as UNCTAD and ECOSOC and to Brazil's status in the Third World--shows some opposition to this "banker's mentality," but the views of the Finance Ministry predominate. Brazil usually lines up with the group of developing countries that have essentially market, export-oriented economies--Colombia, Indonesia, Mexico South Korea, and Taiwan as against economies more dependent on concessionary measures--Bangladesh, India, Pakistan, and Sri Lanka. Brazil prefers to manage its large foreign debt and maintain a favorable credit rating rather than reschedule it or repudiate it, as Goulart had threatened to do in early 1964.

Brazil is particularly sensitive to the need for IMF blessing in order to maintain its investment attractiveness and creditworthiness in view of its need for foreign capital and loans on a large scale. Brazil had the highest total of loans granted to mid-1974 by the IBRD, its affiliated International Finance Corporation, and the Inter-American Development Bank.

UN Record

In terms of identity with the Third World movement, Brazil's voting record at the UN is mixed. This reflects numerous points of difference, including

- diversity of bilateral ties and economic interests
- strength and independence
- moderate stance on economic nationalism, foreign investment, multinational corporation
- sensitivity to criticism as a conservative and/or repressive regime, e.g., for human rights violations
- greater concern with DC treatment of LDC manufactures
- preference for pragmatism instead of polarization and paper majorities.

Given such divergencies, Brazil's possibilities for Third World leadership, considered strong in the late 1960's, were rapidly diminishing by mid-1970's, as appeared at the 1974 Sixth UN General Assembly Session on Raw Materials and the Dakar Conference on Commodities of February 1975. To help preserve the negotiating advantage of Latin or LDC unity and to avoid isolation caused by stressing disagreements with the Third World, Brazil in 1974 abandoned vocal solitary or minority resistance to the gathering consensus of LDCs and adopted a conciliatory stance which seeks not to alienate any party in the inter-governmental organizations.

Brazilian efforts in favor of redistribution of wealth or international advantages seek to enhance its own power and do not imply a recognition of the rights of other LDCs vis-a-vis

Brazil as it gains strength. Cooperation with other LDCs in intergovernmental organizations, then, is a tactical rather than a strategic means of achieving its national interests. Should Brazil continue to grow, its vulnerability as a "have" power and differences with other LDCs will become more pronounced. For the time being, Brazil's national interest is to play the LDC role as long as possible in order to continue eligibility for preferential treatment in terms of access to industrial country markets and international financial assistance, and to put pressure on the developed countries to change the structure of the international system as needed to ease Brazil's upward mobility.

Brazil has proved alert to guard against multilateral programs that may threaten its own freedom of action or access to resources, whether by developed countries seen as trying to freeze international relationships or by LDC majorities seeking to impose unacceptable standards of conduct. Thus Brazil has taken a hard, sovereignty-based position on the Non-Proliferation Treaty, the 200-mile territorial waters, the question of prior consultation inherent in the Itaipu hydro-electric controversy with Argentina, use of satellite screening devices, pollution control, and exploitation of the Amazon territories.

OAS

Unlike the smaller member states, Brazil feels quite efficacious in a bilateral contest vis-a-vis both Washington and its neighbors. Furthermore, a salient role in the OAS

would accentuate the possibilities of conflict with Spanish America. Such economic interests as it has in South America it can serve through bilateral dealings, as with members of LAFTA, the Andean Pact, etc. rather than to stress multilateral ties. Brazil has consequently taken a rather low profile role in the OAS.

The OAS is perhaps most useful to Brazil in the defensive diplomacy whereby it has sought to prevent the formation of a Spanish American bloc which might, in turn, become a threat to itself.

Brazil much prefers the present OAS structure with the inclusion of the United States and is wary of the Latin American Economic System (SELA) being promoted by Venezuela and Mexico.

Even when tending to side privately with the US position, the Brazilian delegation in OAS forums will publicly side with the other Latins on a controversial matter. Thus Brazil joined the other Latins to condemn the US Trade Reform Act at the OAS Permanent Council meeting in January 1975 although somewhat more optimistic regarding its effects than most of the Spanish American Governments.

Conclusion

Because Brazil's foreign relations have become instrumental to the national economic programs that dominate Brazilian policy, the country's multilateral interests will continue to be highly complex. In pursuit of better terms of access to markets, credit, and technology, Brazil will be

much involved in the movement to restructure the international economic, financial, and technological orders. Working within this movement, it will seek to free up the existing arrangements so it can operate more effectively but avoid the imposition of new restraints on its own freedom by those seeking to establish a radically new order.

The political imperatives of this economic policy reflect a sense of confidence in the national future and the great power aspirations Brazil has entertained for so long, but they also evince an awareness that the nation is a late-comer to industrialization and still a minor international actor with considerable inherent weaknesses, such as heavy dependence on imported petroleum. Faced with limits to their freedom of action on the international scene, Brazilian diplomats are convinced of the cruciality of the moment, of the need to move beyond the relatively fragile present stage, lest Brazil be crippled by a sudden combination of unfavorable circumstances, as was Argentina after 1930.

Much of the Brazilian style in the international governmental organizations appears to entail at least partial or implicit acceptance of the image of a negative concert of the most powerful states seeking to inhibit its freedom of action. The Geisel government's principles of "responsible pragmatism" and "no automatic alignments" declared not only an adaptive nationalistic freedom of action but also support for multipolarity and wariness of the generosity of major powers. Brazil

can be expected to continue to promote diffusion of power and decision-making participation to more international actors and to engage in tactical cooperation with other states pursuing the same ends, including China and the Arab states, with which it is now intensifying bilateral relations. Its hopes for greater power status in an increasingly competitive international system demand that it keep open for future use as many options as possible.

Brazil's Multilateral Diplomacy

Table of Contents

	Page
1. Introduction -----	1
2. Brazil's Strategies in Resource and Energy Issues	5
Petroleum-----	7
Copper-----	16
Aluminum-----	17
Coal-----	18
Iron Ore-----	20
3. Brazil and Agricultural Commodity Agreements-----	22
Coffee-----	23
Cocoa-----	31
Sugar-----	33
4. Bilateral Relations and Multilateral Goals in Sub-Saharan Africa-----	36
Bilateral Relations-----	36
Multilateral Goals-----	37
Economic Relations-----	38
Foreign Aid and Investments-----	42
Cultural Relations-----	45
Political Relations-----	46
5. Brazil and International Financial Institutions--	48
International Monetary Fund-----	50
The World Bank Group-----	52
The Inter-American Development Bank-----	53
6. Brazil and the United Nations-----	56
Brazil-Third World Differences-----	57
Brazil and the Established Powers-----	65
Brazil and International Controls-----	67
7. Participation in the Inter-American System-----	77
The Organization of American States-----	77
The Latin American Free Trade Association-----	86
The Andean Pact-----	88
8. Conclusion-----	90
Appendix #1. Analysis of Brazil's UN Votes	
Appendix #2. Brazil's Representation Abroad	

BRAZIL'S MULTILATERAL DIPLOMACY

1. Introduction

Brazil as an Upward Mobile Power: Images and Hopes

Brazil's impressive economic growth and diversification have been cited for several years by some Brazilians and foreign observers as evidence of imminent industrialized status, requiring a foreign policy that would prepare Brazil for full entry into the community of Western nations.^{1/} This is the present version of the school of thought which had opposed the independent foreign policy of Quadros and Goulart (1961-64), and had been suspicious of what it regarded as the Third Worldism implicit in the statements of the Foreign Ministry under Gibson Barboza.

Despite Brazilian recognition of a certain Western commonality and also of concerns shared with developing nations, current official literature, newspaper editorials, and Brazilian speeches in inter-governmental organizations (IGO's) of the last several years reveal a self-image that endows the country with a somewhat unique intermediate position between the "average" DC and the "average" LDC. They see Brazil moving steadily toward developed status but retaining for some time important features of underdevelopment in living standards, health care and education, with pronounced regional and social class disparities.

Brazil's advantages over the typical developing country include a higher or larger per capita income, literacy rate, technical level, middle class, resource base, industrial plant and economic growth rate. It has a much better chance for self-sufficiency in food production and, should recent estimates of Brazil's petroleum resources be confirmed, in petroleum and fertilizer production. Unlike a growing number of LDC's, such as Sri Lanka, India, Pakistan and Ghana, Brazil does not yet have an unmanageable debt burden, and in early 1975 had one of the largest foreign exchange reserves in the world.

The level of capabilities that the Geisel government foresees for 1979 are summarized in the macro goals of the inter-ministerial Second National Development Plan of 1974. To place Brazil in the ranks of the developed states within the period of a generation, the plan envisions:^{2/}

1. Gross domestic product (GDP) of \$125 billion; per capita income greater than \$1,100 (making Brazil the eighth largest market in the West); 8-10% annual growth rate.
2. Increase of new jobs that would outpace the available labor force, reduce underemployment and ameliorate depressed living conditions of the poorer classes and regions.
3. Economically active population of about 40 million.
4. Foreign trade volume to exceed \$40 billion.
5. Population of 120 million.
6. Federal budget of approximately \$9 billion per year.
7. Substantial reduction of regional and class disparities.

By the end of the decade, Brazil also hopes to be able to produce domestically 80% of the light airplanes (including fighters and executive jets) needed for its large internal market and to launch, in technical cooperation with France, two completely domestic-made satellites to study national weather and natural resources.^{3/} (These two programs exemplify Brazil's ability to attract and use advanced technology from the industrialized states for national purposes.) Early in 1973, the director of MOBIL, the national literacy movement, predicted a literacy rate of 90% by 1980.^{4/} Though accomplishment of most of these goals will depend on favorable international circumstances, no other developing country, not even India, Iran, Algeria, Nigeria, Mexico, or Argentina is in a position to achieve both such a broad base of strength and standard of living by that time. Foreign recognition of Brazil's status has come in various forms. For example, when Japanese Prime Minister Tanaka visited Brazil in September, 1974, he spoke of Japan and Brazil as "new motive forces on the stage of international politics" in an era characterized by a "relative decline in the influence of super-powers," adding that the potential of Brazil guarantees it "a greater magnificence in the future, more than Japan itself can look forward to."^{5/}

Within a fluid and increasingly permissive international environment, Brazil is pressing the advantages that its growing economic scale and dynamism, diplomatic skills, and regional primacy offer. Official statements on foreign policy suggests

a certain expansiveness: they describe Brazil's "growing margin of international action," "international (or continental) responsibilities," "full engagement on the world scene," "globalist foreign policy," and conceptions of South America and Africa as "neighbors on this and the other side of the ocean," all tempered with a cognizance of the need to remember what Gibson Barboza called the "specific gravity" of the nation in the international system. The diplomatic recognition in 1974 of the People's Republic of China, an act of largely political importance, illustrates this consciousness of independence and expanding concerns.

2. Brazil's Strategies in Resource and Energy Issues

Brazil's options in resource and energy matters are controlled by its recent arrival at diversified industrialization and its heavy dependence on foreign sources for minerals and energy (some of which could eventually be produced locally). In 1972, Minister of Mines and Energy Dias Leite said he believed that the sixty percent importation rate for minerals used by national industry was one of the highest in the world.^{1/} Brazil is the largest importer of petroleum among the LDC's. In major industrial minerals and fuels, Brazil is now a net exporter only of manganese and iron ore and a net importer of petroleum, coal, aluminum, copper, lead, zinc, tin, and nickel. In 1974, the non-ferrous minerals on this list cost Brazil nearly \$600 million (about half of its coffee receipts), a figure expected to rise to around \$1 billion in 1975, thanks to the automobile industry, the hydroelectric plants, and new trunk transmission lines.^{2/} Brazil's intermediate position in world energy dependency becomes clear in a breakdown of its energy sources: oil and gas (48%), coal (3%), electric power (24%), charcoal, wood and vegetable residuals (25%), with a 40% overall importation rate for energy.^{3/} Brazil's tropical climate aids low per capita energy consumption, but its large trucking and automobile economy demands a high level of petroleum and non-ferrous mineral resources which still cannot be fully satisfied locally; Brazil consumes only between 1.4% and 1.5% of the total world consumption of oil, but must import nearly 80% of that (almost

completely from the Arab producers).^{4/}

Foreign dependency in energy and minerals may persist for at least several years, and has already brought changes in foreign policy under the Geisel administration, which from the start regarded petroleum supplies as its chief problem. The success of the Second National Development Plan rests on changes in energy use, and on attenuation of the balance of payments problem. Probable courses of action include increased oil exploration, decreased time between oil discovery and exploitation, development of shale technology, expansion of the search for coal, greater use of hydroelectric power, and nuclear and solar power development for the long run. (At present, 80% of the country's electricity is hydroelectric, and 20% is thermically generated from oil and coal.)

To date, government programs have emphasized self-help and bilateral arrangements much more than general international cooperation. The latter seems too unpredictable, and long range at best. Brazilian policy assumes growing economic nationalism globally and is therefore cautious about the viability of multilateral efforts in such matters. Brazil's range of energy and raw material interests is broader and more complicated than that of most LDC's, yet it is not a typical consumer state. Thus the "responsible pragmatism" and "no automatic alignments" slogans appear relevant here. For example, although Brazil has relied on the government's Petrobrás for oil prospecting, refining, and distribution, it has run counter to Third World

trends by a policy which leaves mining open to domestic and foreign private enterprise.

And although Brazil has generally defended the idea of exporter cooperation to increase raw materials prices, it has kept a low profile when compared with the active roles of Venezuela in petroleum, Jamaica and Guyana in bauxite, and Chile and Peru in copper, and does not appear to share the enthusiasm of countries such as Algeria, Peru and Venezuela for cross-association coordination and financial support. Under Echeverria, Mexico is trying to organize Latin America to regulate the price and supply of the raw materials (mineral and agricultural) Latin America exports. The only mineral association which Brazil has considered joining is iron ore; producers groups in tin and copper would be adverse to Brazilian interests because the country will continue to import tin and copper for the immediate future. In time, it will become an exporter of bauxite.

A discussion of petroleum and several minerals that figured high in 1974 Brazilian imports (copper, aluminum and coal) or exports (iron ore) may illustrate Brazil's national strategy on resources, and the diversified interests at stake to assure supply and expand sales.^{5/}

Petroleum

Because Brazil depends on petroleum for about half of its energy needs, yet imports about 80% of the oil consumed (mainly from the Middle East), it was severely affected by the rise in petroleum prices starting in late 1973 and had to pay \$3 billion

for imported oil in 1974, a sum that contributed heavily to the \$5 billion trade deficit. Conservation measures, which included rapid increases in gasoline prices, kept 1974 oil consumption very nearly the same as the 1973 figure, at around 850,000 barrels daily. Yet the increase in unit cost endangered not only the economic growth of the nation, but also the anti-inflation program, balance of payments, and foreign exchange reserves (among the six largest in the world in January, 1974).^{6/} The government claimed the problem of cost was temporary, and could be overcome through a combination of diplomacy and technology. The Foreign Ministry and the Ministry of Mines and Energy attempted to coordinate foreign and domestic efforts.

To reduce dependence on imported oil, the government plans to examine alternative energy sources such as water power, shale oil, coal, 15% anhydrous cane alcohol as a gasoline additive (thought feasible for 1976), and nuclear energy. Railroad and river transportation may be expanded, though both suffer from weak infrastructures and geographical difficulties. Nevertheless, the place of petroleum in the economy is expected to expand in the next five to ten years, so national attention has focused on Petrobras, which increased domestic production by 1.2% in 1974 and aims for 4.5% for 1975. The Petrobrás research and exploration budget is two billion cruzeiros.^{7/}

Although Petrobrás explores actively in Algeria, Egypt, Iraq, Libya, Iran, Madagascar, and Colombia, expanded domestic production is considered the best hope. Finds in the continental shelf off the states of Rio de Janeiro, Bahia, Sergipe, and

Alagoas boosted national hopes considerably. While it seemed in mid-1974 that stocks and ongoing production could supply national needs for three to four months without resort to foreign sources,^{8/} another estimate, several months later, said that Brazil imported 78.8% of its oil and warned that dependence on foreign oil would continue for some time.^{9/}

In late 1974, the country's chief suppliers were Saudi Arabia (40%), Iraq (20%), Algeria (7.5%), Kuwait (7.0%), Venezuela (5.5%), and the USSR (4.0%). Domestic discoveries in the continental shelf near Campos, R.J., toward the end of 1974, seemed to announce "the beginning of self-sufficiency,"^{10/} but initial enthusiasm shortly yielded to greater caution. By mid-1975 the desirability of contracting foreign companies to speed the exploration process was again debated, and in October the government announced its decision to permit service contracts for exploration by foreign companies on a "risk" basis.

To date, Brazil has favored ad hoc, pragmatic responses to immediate opportunities rather than time-consuming international consultation and cooperation. It especially wishes to avoid any participation that would cast it as a consumer with the industrialized states against the Arabs on whom it so greatly depends. Thus it prefers to cultivate bilateral relationships with individual oil producers rather than formulate a general policy toward OPEC, which would imply a confrontation.

Brazil is by far the largest oil importer in Latin America.^{11/} Its interests as an oil importer with a high economic growth rate, sound credit rating, and exchange reserves therefore differ from

those of the exporters (Venezuela, Mexico, Trinidad-Tobago, Ecuador, and Bolivia); those that are about self-sufficient or nearing exporter status (Argentina, Colombia, and Peru); and those that are heavily foreign-dependent and have poor credit ratings (Central America generally, Guyana, Haiti, Chile, and Uruguay). Within the Hemisphere, Brazil has been reluctant to cooperate with the United States or with the Latin American states on an institutionalized basis, noting that the Latin exporter countries wish to sell to anyone at the highest price possible, while Brazil prefers to diversify its sources (principally extra-Hemisphere). Brazil's oil needs are too great to be significantly satisfied by agreements within the continent, given the commitments that producers, particularly Venezuela, already have elsewhere.

The formation of a Latin American petroleum common market through the weak mechanisms of ARPEL or OLADE (to which Brazil belongs) would be of only marginal interest to Brazil as long as its important needs remain high. In both ARPEL and OLADE, Brazil participates principally as an awkward observer--reluctant to present a strong case against Venezuela's salient world role in oil price hikes and their effects on importers like Brazil, lest it appear opposed to economic nationalism, the principle of sovereignty over natural resources, or measures to improve the terms of trade for raw-material exporting nations such as itself.

Within the Hemisphere Brazil will acquire petroleum by direct purchase and whatever bilateral arrangements for joint

exploration it can work out with Latin countries. The need to keep out of any United States-Arab political differences, and fear of possible American military intervention in the Middle East make coordination with the United States problematic.

Brazil's 1960's "equidistant" rhetoric vis-a-vis the Middle East has not protected it from Arab demands, and, indeed, had finally to be abandoned. In 1973 the Foreign Ministry hoped to be a neutral mediator in the region through the mid-1973 visits to Brazil of the foreign ministers of Israel and Saudi Arabia, intensification of relations with both sides, and a planned introduction in 1974 of a resolution in the UN to create a Palestinian state in Jordan.^{12/}

But its position and its continued lukewarm stand on Portugal in Africa soon came into question with the October War and Afro-Arab unity against states supporting Portugal, Rhodesia, South Africa, or Israel. A November 24, 1973, seventeen-nation African resolution named Brazil as one of six states recommended for diplomatic and oil boycott sanctions unless they ceased support of white minority governments in southern Africa. Despite some uncertainty, Brasília counted on a generally favorable image among the Arabs, for it had not voted against them in the UN.

The African and Arab nations tried to coax Brazil to tilt toward them and away from Portugal and Israel, hoping for votes against Portugal in the UN and an interpretation of the 1967 Security Council Resolution 242 in Arab favor.^{13/} In mid-December

the Syrian charge d'affairs said Brazil then had no reason to fear suspension of supplies, but by early January, Arab ambassadors in Brazil were requesting a clear definition of the country's political position on the Middle East. "Evenhandedness" was no longer satisfactory. Brazil's earlier friendship with other developing countries, said the Algerian Ambassador Ali Lakhdari, would not be accounted sufficient. Three conditions were necessary to a clear stand: strict interpretation of S.C. Resolution 242 (for which Brazil had voted), no criticism of high oil prices as harmful to poor countries, and non-support for the threat of a food boycott against the Arabs.^{14/} The final test for a "clear stand" came on January 24, with a statement by the Brazilian Ambassador to Iraq, one of the most radical states on the issue and Brazil's second largest supplier, that Brazil was classified as a "brother" by Baghdad with a right to special privileges denied those even in the "friends" category. The Iraqi embassy in Brasilia quickly answered that if Brazil wished to stay on good terms, a definite political statement was mandatory, adding that the matter might be discussed the next week by the Iraqi Ambassador on his trip to Baghdad.

Gibson Barboza announced a change of policy during an official reception for the representative of the Arab League and Foreign Minister of Lebanon, Fouad Naffah, on January 31. The usual word "neutrality" was omitted in Barboza's official address, which condemned conquest of territory by force and explicitly supported rapid Israeli withdrawal from all the occupied territories and solution of Palestinian refugee status.

By way of a sop to consistency, this view was presented as simply a restatement of similar but little-publicized Brazilian sentiments expressed in a Latin American-sponsored unsuccessful Security Council resolution attempt in late 1967.

The end of lingering government censorship on news concerning the Palestinians and radical Arab regimes mirrored a domestic change, while internationally, the Egyptian consul general in Rio pronounced Brazil friendly to the Arabs and suggested a heightened Arab interest in investment in Brazil, which would help offset the oil price hikes. In March, the first statements of newly inaugurated President Geisel made a bid for Arab investments, referred to old ties of friendship, and praised the participation of the Arab colony in Brazilian national life. Petroleum supplies had become the number one problem.

A continuing mild and measured political sympathy for the Arab cause was reiterated several times during 1974. Brasilia carefully avoided mention of Palestinian terrorism or current specific acts of any parties to the conflict. Instead, it stressed the mutual advantages in trade, aid, and investment that general intensification of bilateral relations with the Middle East could bring. Brasilia urged the evacuation of all territories taken by force and acknowledgement of Palestinian rights on key occasions such as the visit of the Foreign Minister of Saudi Arabia in September. Foreign Minister Azeredo da Silveira elaborated on these points in his address opening the

UN General Debate on September 23, 1974, in contrast to Gibson Barboza's failure to even mention the Middle East specifically on the same occasion for three previous years. Further, Brazil later voted in favor of A/RES/3237 (95-17-19) to grant the PLO observer status in the General Assembly, although in his UN address of September 25, 1972, Gibson Barboza had strongly criticized UN resolutions that implicitly condoned or tolerated terrorism, which he had termed an "intolerable threat to the peace and well-being of our peoples."

In interviews Azeredo da Silveira initially stated that Brazil was not taking an anti-Israeli position nor did it wish to see the energy crisis confused with the political and military aspects of the Middle East conflict; this reservation against use of oil as a political weapon and a basic private governmental sympathy for Israeli sovereignty and security problems set Brazil apart from full agreement with the Arabs. Although Brazil made the "indispensable alignments" necessary to assure oil supply, the Arabs neither demanded a complete break with Israel nor did Brasilia see it as a desirable, in view of existing trade and Israeli aid to Brazil in irrigation, agriculture, and atomic energy. The political changes, for example, did not impede the May, 1975, inauguration of a direct sea route between Brazil and Israel. The presence of large Arab and Jewish colonies in Brazil, with little overt hostility between them, was another factor that counselled compromise. There was also latent nationalistic civilian and military opposition to

any further political capitulation to Arab demands.^{15/} At the multilateral level, all Brazil required was general political acceptability among the Arabs to further its planned expansion of bilateral relations in diplomacy, trade, reciprocal investments and advantageous Braspetro oil concessions. (As a state oil company Braspetro can receive advantages from the Arabs not available to private corporations.) Brazil achieved the initial acceptability it sought. But questions of how far it would go in support of the Arab cause to further its economic interests were raised by Brazilian support of the committee version of an Arab-African-sponsored UNGA resolution in September 1975 denouncing "Zionist racism."

Brazil's selection by OPEC and France as a representative of Latin America in the March, 1975, tripartite preparations for a world energy conference was seen as multilateral recognition of growing economic importance. Brazil entered the preparatory conference with a conflictful set of interests. On one hand, it is in a (perhaps transitory) state of dependence on imported oil at a crucial period in its industrial growth and suffers a severe balance of payments problem aggravated by high oil prices set by OPEC. As the largest oil importer among the LDC's, it would wish to contain oil price rises and might hope for some form of preferential treatment for the LDC's, such as diversion of some of the petrodollars now being invested in industrialized states. Brazil pursues Arab investments and joint ventures in the Middle East for the same reason. On the other hand, since cooperation of raw materials producers

for better prices is of general interest to Brazil, it could not side with the industrialized consumers against OPEC. In response to these cross-pressures, Brazil did not take a middle stance, but supported the other LDC's present (India and Zaire) to form a front with the OPEC representatives primarily to serve its Arab diplomacy, and also to support the case for better prices for raw materials, an LDC bargaining chip in negotiations with DC's.

Copper

Copper has been second only to petroleum in value among minerals and fuels imported by Brazil, and almost 95% of the demand has been satisfied by imports. In the immediate future, demand will grow rapidly, because Brazil plans to invest substantially in the production and long-range transmission of hydroelectric energy, communications, and computer use. Despite new discoveries, the increase in demand outpaces domestic production so that \$270 million in copper was imported in the first semester of 1974, compared with \$276 million during all of 1973. Domestic supply is expected to start gaining significantly on demand only in 1978.^{16/}

Fortunately for Brazil, in early 1975 world copper prices were at a two-year low, world stocks of excess refined copper were rising, and the 10% production-cutting influence of the Council of Copper Exporting Countries (CIPEC)--Chile, Zambia, Peru, and Zaire--on the market was slight. Because a successful copper association does not interest Brazil, it has cultivated bilateral relations with both the Latin and the African members

of the group to assure supplies. Chile and Peru are the producers of greatest interest to Brazil, which is carrying on negotiations to guarantee a raw copper supply to be smelted in Brazil, and hopes to participate in joint copper mining ventures in Chile and Peru.

The sharp upswing in copper imports led the government in 1974 to define, through the Steel Metallurgy and Non-Ferrous Metals Council (Consider), a national policy on non-ferrous metals. The policy, which is just beginning to take shape, may well seek to centralize importation of those metals that adversely affect the national balance of payments, to obtain better prices through package deals, and assure more reliable completion of contracts. The plan hopes to stimulate domestic mining to compensate with exports of plentiful non-ferrous metals for those in which the country is still deficient.

Aluminum

Prospects for self-sufficiency and exporter status in aluminum are more favorable than for any other non-ferrous metal. Recent large discoveries of high-quality bauxite deposits in Amapa and Para lead Brazilians to hope that the country may become an exporter within three years and a major producer by the end of the 1970's. Brazil is increasingly attractive to foreign mining companies because other producers, such as Jamaica, either tax exports or nationalize production. During the visit of Premier Tanaka in September, 1974, the Vale do Rio Doce Company and the Light Metal Smelters Association of Japan took steps to establish the 51%-49% Alumínio do Brasil (Albrás) venture that

was to build the largest aluminum refinery complex in the world in Para. The complex was planned to include a hydroelectric power plant; planned investments totalled around \$2.5 billion dollars. Annual capacity was expected to be 640,000 tons of finished aluminum by 1985, with 51% for domestic use and 49% for export to Japan.^{17/} By October 1975, however, Japanese priorities in South Asia cast some doubt on the extent of Japanese participation in this venture.

Brazil now wishes to expand its own production under such favorable conditions as these and does not wish to be tied to restrictively low quotas that would certainly be established for it should it choose to cooperate with a group of established producers such as the International Bauxite Association. Brazil hopes that earnings from aluminum exports will soon be able to counterbalance the cost of other non-ferrous metals, such as nickel and zinc, in which it apparently will not be self-sufficient.

Coal

Coal is a strategic raw material for Brazil because of the scarcity and low quality of national deposits (largely bituminous and in the South) relative to electric and steelmaking needs. Coking coal is a special problem; domestic production supplied only 35% of national demand in 1973, and is expected to drop to 20% by 1980 as needs grow.^{18/} Major new discoveries appear improbable. Shortage of coal caused a steel production drop in late 1974, so assurance of foreign supply is crucial to the growth of the national steel industry, which, according

to the Brazilian Institute of Steel Metallurgy, is expected to rise in world production from twentieth in 1974 to one of the top ten by 1980. The Third National Steel Plan calls for production self-sufficiency by 1978. The country has recently signed an agreement with Poland and begun negotiations with Australia for joint mining ventures to extract coking coal and furnish it to Brazil. These two cases imply trade approximation with Eastern Europe and with Australia (part of Brazil's so-called "Southern Hemisphere strategy").

Supply problems are becoming more political in South America. In 1974, Brazil had hoped that it could receive large quantities of coking coal closer to its industrial park via major joint ventures with Colombia and Venezuela, holders of the largest reserves on the continent. Azeredo da Silveira suggested mutual advantages in continental cooperation in binational commissions, to explore possibilities of joint exploration of natural resources. However, the emphasis was always on Brazilian financial and technical assistance abroad rather than vice versa. In several months' time, Spanish American concern about "imperialismo brasileño" led Colombia to drop the idea at least temporarily and caused considerable opposition in Bolivia to a similar natural gas deal with Brazil as harmful to Bolivian national interest. Ironically, while foreign governmental changes and nationalistic sloganeering made joint ventures in coal more difficult with neighbors, attractive packages were readily offered by declared ideological opposites--Poland for large quantities of coal and East Germany for technology to

derive fuels from lignite. Again, a flexible pragmatism and a global perspective on resource policy became evident.

Iron Ore

In 1973, Brazil exported \$362.8 million worth of iron ore, 5.9% of its total export value. Crude cast iron exports that year amounted to \$11.0 million, compared with only \$1.5 million the previous year. In 1973, the Companhia Vale do Rio Doce alone sold 42 million tons of ore abroad, compared to Australia's sales of 60 million tons.^{19/} In 1974 iron ore exports exceeded \$590 million, or 7.4% of total export receipts. Brazil has among the largest iron ore reserves in the world, and over the last several years has signed major contracts for long-term supply to Japan, its principal customer for the ore, in successful competition with Australia. U.S. Steel and Bethlehem Steel are other important sales outlets and sources of technology and capital.

Brazil has shown interest in producer cooperation to raise iron ore prices, in relation to those of finished steel, but its statements on the possibility of an effective association have been moderate. It attended the November, 1974, Geneva conference of 20 exporters on the subject, but Minister Ueki warned that "a policy of confrontation (with the consumers) is not the proper way to reach our objectives" and recommended voluntary producer-consumer cooperation, a suggestion he extended to other raw materials as well.^{20/} Brazil thus aligned itself with Canada and Sweden and against India, Venezuela, Algeria, Bolivia, and Peru in opposition to the association idea.

Given the size of its future iron ore production, Brazil is a crucial factor in the market and has followed international consultations closely to keep the more radically-minded from running the discussions. Foreign Ministry spokesmen publicly discounted the probability of an association because of the diversity of the Geneva grouping, the number of producers, and absence of an economic parallel with the world oil situation. Once the Iron Ore Exporters Association was actually formed, Brazil hesitated for some months, but then decided not to join. Brazil appears basically satisfied with the ore sales arrangements it now has. It is to Brazil's advantage to remain flexible in marketing and to encourage production because the country is competitive on the world market and would only be restrained by a cartel wherein it would have to start as a junior partner adhering to quotas that would damage the large export programs now extant.

3. Brazil and Agricultural Commodity Agreements

Even with a growing percentage of manufactured and semi-manufactured exports, the bulk of Brazil's export earnings will continue to come from agricultural products. Brazil aims to be an agricultural and an industrial power. In 1974, 72% of the value of its exports was in food products, both unprocessed and processed. Because Brazil is now among the largest producers of coffee (first), sugar (first), cocoa (second or third), and soybeans (third), its attitude toward agricultural commodity marketing arrangements will influence the international economic picture. Brazil has long shown an interest in intergovernmental exporter groups, ever since its key role in the formation and politics of the International Coffee Organization and the Cocoa Producers Alliance, but its positions have often differed from those of the other producers as well as those of the consumers. Compared with the other LDC's, for example, Brazil has superior marketing and promotion systems to sell its products abroad, an economy that can more easily store and finance commodity stockpiles, economic diversification sufficient to avoid monoculture, and high production standards that make it internationally competitive.

Recent trends toward marketing associations among producers and deterioration of its coffee prices have forced Brazil to choose between its advantages as a large exporter in open market competition, and cooperation with other producers in various degrees of voluntary and unpredictable market regulation, with

or without consumer participation. The recent history of the cases of coffee, cocoa, and sugar illustrates how Brazilian interests and perspectives differ from or are congruent with those of other Latin and African producers.

Coffee

For many years coffee beans represented more than 50% of national export value; they declined in relative importance in the more diversified export list, dropping from 53% in 1954 to 20.1% in 1973; through the same period, however, the absolute value of the exported product rose from \$760 million to \$1.2 billion. Concurrently, Brazil began to export processed soluble coffee, principally to the United States. Brazil has retained its first place in world coffee sales (33.3% in 1972 and 31.9% in 1973) against African and Colombian competition. In the process, however, and especially in the producer agreements that succeeded the breakdown of the International Coffee Agreement (ICA) in September, 1972, recurrent conflicts of interest between Brazil and other producers have become apparent beyond obvious matters of price differentials.

Many of these conflicts revolve around Brazil's position as by far the single largest producer and exporter, outpacing the second largest, Colombia, by 2.9 to 1 in 1973 exports. Smaller producers feel that Brazil's market dominance should imply a sense of responsibility on its part to renegotiate an agreement. The Africans and Central Americans lack a tight, reliable group organization to confront Brazil and its voting

power in any agreement among producers or between producers and consumers. Further, the Africans could produce much more coffee than the quotas they have been receiving since the first ICA, and suspect that Brazil has been using agreements to slow their more recent industry's market share advance. The Africans were practically pushed into and out of agreements made largely between Brazil and the United States with much less say than they would have preferred. In turn, Brazil criticizes tariff advantages given African coffee in the EEC. Further, weather conditions in Brazil, such as the frosts of 1969, 1972, and 1975, have been about as influential as international agreements in affecting price. Similarly, excessive Brazilian production has been the most common cause of world oversupply.

Brazil's well-organized and financed Brazilian Coffee Institute (IBC) with its own warehouses abroad is much more aggressive and effective than the smaller marketing agencies of countries other than Colombia. Brazil is a relatively low-cost producer and can expand or contract production as necessary, while the smaller producers are more affected by rising production costs (including labor and fertilizer) and as a group have large numbers of small exporters, low exchange reserves, limited storage facilities, and a higher dependence on coffee as a principal export. This leads Brazil to be critical of their inability to carry out planned retention schemes and tendency to oversell quotas to take advantage of market timing, and explains why Brazil constantly favors closer sales controls. Central

America is at a further competitive disadvantage in output flexibility because its suitable coffee land is already heavily cultivated and yields at optimum rates. Central America tends to be least interested in a producer-consumer agreement because it feels unable to win quotas large enough to allow it to ship all that it can produce; thus it must overship to earn maximum revenue.

Further complications exist. Quality and internal consumption differences mean that a smaller percentage of Brazil's production is exportable compared to other producers--37.9% for Brazil versus 73% for the rest of Latin America and 92% for Africa in 1973/74, figured on per-country averages.^{1/} In times of shortage, as in 1974, Brazil has both restricted internal consumption and imported African robusta for domestic use to fill orders out of its own stocks or to sustain world market price as well as to remind the Africans of its capability to compete in robusta through cooperation with the Ivory Coast or Angola or by initiating rumored programs to grow robusta in Brazil. Thus Brazil, by virtue of its greater capital, can regulate minor market fluctuations in its own interest while paying in manufactured goods. Its large soluble industry (which makes it sensitive to restrictive tariffs), also enable it to export its own inferior quality beans in the form of instant coffee, which has on occasion helped deplete low-quality IBC stocks when competition with other producers so demanded. Brazil has long played the role of residual supplier, jumping into and out of the

market with as many beans or as much soluble as its needs required, using stocks as a bargaining tool.

Africans and other Latins feel that Brazil has more power to regulate the market, dump, retain, manipulate supply, and diversify economically than they. Thus it is no surprise that Brazil had to coax the Ivory Coast and Portugal (Angola) to join the producers group Café Mundial in 1973, and that Africa stayed out, while Central America formed its own Other Milds group (14.3% of world exports in 1973) as a sort of counter-weight to Brazil and Colombia, with 42.9% of the 1973 exports.

In 1974 Brazil lost ground to competitors despite economic and diplomatic advantages. Early 1974 saw a unilateral IBC decision to attempt to raise the price of Brazilian unwashed arabica coffee by more than 13% in six months through export limits and curtailment of long-term sales agreements (discounts and rebates). Brazil hoped to take advantage of a rising market and domestic stock shortages. When the IBC abandoned the traditional rebate system for large purchases (used since 1968 to make national coffee more competitive with cheaper African robustas favored for instants), it assumed a continued rising market and cooperation from other producers. But before the discount system ended, consumers built up large stocks, so demand fell and the price of Brazilian coffee surpassed that of the superior Central American milds and finally exceeded the price of Colombian milds. Since the Colombians, Central Americans, and Africans saw no obligation to withhold and were more attuned to volume than unit price considerations, they filled the market gap left by Brazil.

The IBC continued to practice and urge producer retention because it could not conceive that the market had turned.

As Brazilian coffee became the most expensive, its share of the market dropped severely. When, in mid-May, an eight cent per pound bonus proved insufficient to reverse the sales decline, Brazil tried to raise the price of Central American milds to benefit its own position. In conjunction with Colombia and by agreement with the Central Americans, a Coffee Defense Fund was established with largely IBC capital. The Fund intervened in the New York market in late May and early June to purchase and hold off the market a million bags of milds. Just as the milds prices were rising to Brazil and Colombia's advantage, El Salvador abandoned the agreed retention and sold sufficient milds to return prices to previous levels. Central America feared that cooperation with the Colombians and Brazilians, both expecting good harvests, would lose them what market advances they had just made. Colombia's uninhibited sales of its huge new crop regardless of effect on prices at precisely that time triggered the Central American reaction. The whole unsuccessful price support scheme of several months cost Brazil an investment of \$40 million in the Fund, one-third of expected coffee sales in the first half of 1974, and considerable confidence in the viability of interproducer cooperation, just before the start of the abundant frostless harvest of the new crop starting in July.

To raise sales volume, discounts and rebates were aggressively reinstated on all purchases starting in late August, and the IBC no longer sought to support or control unilaterally the price of coffee on the international market at any cost. To recapture consumer preference, special incentives were offered to buyers who used a high proportion of Brazilian coffee in their blends or advertized the Brazilian source of their product. Sales to non-traditional markets like the Middle East and Eastern Europe were negotiated by the millions of bags to regain lost time, capture a larger market share, and counteract the higher cost of imported petroleum, which in any event negatively affected the balance of payments. Both Colombian and African representatives said that the resultant drop in coffee prices was caused by extreme fluctuations in Brazilian policy, which had not been coordinated with its Café Mundial partners. In early October, IBC Director Calazans announced plans to withhold some coffee of the current harvest (about 20%) from the market in conjunction with similar retentions by other exporting countries. This represented yet another shift in the cooperation-competition game among the producers. At the same time, the IBC continued to move coffee of the previous crop and showed increased interest in a producer-consumer agreement.

Brazil's total export volume for 1974 was the lowest in about twenty years, and it lost ground in the United States market as the "other milds" (largely Central American) jumped from a 26.2% share in 1973 to 51.3% in 1974. Strong domestic

calls for re-evaluation of coffee strategy were heard. By early 1975, Brazil had cancelled licenses of small and inefficient exporting firms, and, for the first time in national history, had begun to consider government subsidies to coffee growers to compensate for lower market prices. The government transferred IBC's foreign warehouses and some of its foreign marketing functions to other agencies dealing with international trade. Continued discount and rebate sales kept the prices of Brazilian coffee in line with Central American and African prices.

In unilateral support for high prices, Brazil had misjudged the degree of producer unity and had come out the loser. Further, political leadership of the Latin producers group had moved to Venezuela and Mexico, which exported only 6.5% of Latin America's total in 1973. Brazil's menacing market size only increased the attractiveness for Spanish America of Presidents Pérez and Echeverría's idea to unite Latin raw materials producers and operate in a confrontation style, if necessary, in response to provisions of the 1975 U.S. Trade Reform Act. Brazil does not favor such a broad cross-commodity bargaining style, nor the African suggestion of a total embargo on exports until prices rise, and has reservations about the leadership of Cantu Pena, Director of the Mexican Coffee Institute and president of the 42-member World Organization of Producers Countries.

Brazil needs to continue coffee exports, even at lower prices, to obtain exchange revenue, and to reverse the market loss lest quotas based on its 1974 disaster handicap future

agreements. It would like to recoup its "traditional" market share of about 38%, enjoyed in the 1960's before the Colombian and African onrush. The task is complicated by the present rough balance in world supply and demand, sizeable stocks in the hands of importers, and decreased American coffee consumption. Venezuela's November, 1974, offer to establish an \$80 million fund with oil money to underwrite retention of Central American milds, in conjunction with a development aid package for oil rebate funds to the smaller republics, served Brazil in that it facilitated retention of troublesome milds. The disadvantage was that Brazil was further removed from emerging decision centers. The new group, Central American Mild Coffees, with headquarters in Mexico, includes all the principal Spanish American producers except Colombia--Mexico, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, Venezuela, and Ecuador--a total of one quarter of the world production. This grouping can now serve as a Hemisphere rival to the Cafe Mundial grouping--Brazil, Colombia, Angola, and the Ivory Coast.

As of mid-1975, Brazil had committed itself to the negotiations of a producer-consumer agreement, because its interests had been poorly served by the producers-only arrangement. So difficult was the national position that, aside from its disagreements with consumers on the issue of price indexing, Brazil's coffee diplomacy in 1973 and 1974 had the most contentious multilateral relationships with other producers rather than with consumers (which Foreign Ministry spokesmen gloss over by blaming

consumer intransigence for the failure to reach agreement. In future ICA talks, Brazil will therefore be on the defensive against the eagerness of its competitors to consolidate their sudden gains into long-term agreements at its expense.

Cocoa

Although Brazil is the second or third largest producer of cocoa-after Ghana and rivalling Nigeria and the Ivory Coast-the commodity in its various forms does not constitute a large part of export receipts; from nearly 8% in 1960 it fell to less than 3% in 1972. In the 1930's, 1940's, and 1950's, Brazil was second in production to Ghana and supplied around 17% of the world's total beans, but neglect of the industry while West Africa advanced tumbled Brazil to 10.9% of world production during the decade of the 1960 s, with a low of 7.8% in 1964/1965.^{2/} Research and development on the commodity since 1970 by the Cocoa Commission (CEPLAC), had increased production to the point where CEPLAC announced in 1973-74 that Brazil intended to become the largest producer within 10 years.^{3/} While difficulties of cultivation, drought, floods, and disease, as well as an inelastic market, wild price fluctuations, and stock market speculation make prediction hazardous, Brazil clearly wishes to challenge the West Africans; it has technological and climatic advantages, especially since the West African drought. But even if Brazil does reach its goal, cocoa will remain a minor item on a diversified export list, whereas it will continue to be a principal export for the majority of the West Africans (and particularly the Ghanians). While cocoa is a national issue for

the Africans, in Brazil it directly affects only southern Bahia and northern Espírito Santo.

Brazil has used the cocoa negotiations, in which Africans are vulnerable, as a lever for coffee talks, especially at the negotiation of the 1968 Coffee Agreement. Brazil also tended to demand a higher price than the Africans, perhaps as a stalling tactic to inhibit agreement until its rehabilitated production rose sufficiently to receive a satisfactory initial quota. Market emphasis is another difference; Brazil's main market is the United States, whereas the Africans prefer Western Europe where Brazil faces tariff discrimination. Another problem is that Brazil, unlike the Africans, exports much of its cocoa in processed form and is therefore more sensitive than other producers to consumer laws on imports of processed raw materials. Thus, although coffee politics has consistently shown several competing producer groups, cocoa politics has been characterized by a persistent bilateral split between Brazil and West Africa.

Brazil has been active in negotiations for a cocoa agreement of one sort or another since it encouraged the formation of the six-member Cocoa Producers Alliance (COPAL0) in 1962, but has been more reluctant than the Africans to try a producers agreement or one without some degree of cooperation from the United States--the largest consumer and its best customer. After 16 years of UN-sponsored attempts, an International Cocoa Agreement was ratified to take effect for the 1973-74 season, but without the membership of the United States. The basic tonnage quotas assigned among major producers were: Ghana (39.6%), Nigeria

(21.0%), Ivory Coast (15.3%), Brazil (13.7%), Cameroon (5.6%), and Togo (1.9%).^{4/}

For Brazil, as a producer on the rise, advantages to ratification included the ability to sell customary production at stable and favorable prices, the possibility of upward quota revision, and the opportunity to sell excess quota production to cover deficits in the production of others (attractive to Brazil because of the West African drought). A reduction in the African harvest, and consequently in world stocks, sent free market prices far above the limits placed by the Agreement (tripling from May, 1973, to May, 1974), and frustrated its effective functioning. In the meantime, Brazil's competitive position vis-a-vis the West Africans continues to improve.

Sugar

While coffee declined as a percentage of Brazilian exports in 1974, demerara, crystal, and refined sugars rose to supplant it as the single largest commodity, with about \$1.4 billion sold in 1974 and hopes of \$2 billion for 1975 expressed by the Minister of Industry and Commerce.^{5/} Although the sudden increase in world price added much more to the receipts than did expanded volume, Brazil has ambitious comprehensive industrial development plans to become the largest exporter, and hopes to displace Cuba. It has been the largest producer of cane sugar since 1971, but a high rate of internal consumption makes it the second exporter, followed by Australia and South Africa. Government production forecasts from the Sugar and Alcohol Institute (IAA) for 1980 suggest ten million tons, with four million for export,^{6/} which would represent a production jump of about 43% over 1974.

Production stimuli include the continued prospect of high world prices; expanded sales to the Arabs, East Europeans, and Chinese; and plans to mix anhydrous alcohol with gasoline for motor fuel purposes. So far, Brazil's three principal customers have been the United States, China, and the USSR. After the relative stagnation of the 1960's Brazil's sugar exports have grown rapidly in volume and worth. 1972's sugar exports by volume, for example, were 2.6 times those of 1967 and 2.1 times those of 1971. So dynamic was its export industry, that it could benefit fully both from the great increase in world consumption and the drop in supply starting in 1973.

Brazil intends to keep sugar its number one agricultural export, at least until the decade's end, and will be one of the largest producers of both coffee and sugar in the world. In sugar, it is one of the three largest exporters which, taken together, constitute more than half of the world's trade in the commodity. In its favor are: a modernization program to consolidate or eliminate old inefficient mills (under way for several years); improved transportation and loading infrastructures, most notably the Recife superport; and the ready availability of additional land for cultivation. Refining capacity is adequate for considerable expansion of processing. Because sugar grows in several regions of the country, two successive harvest seasons are realized yearly. Brazil, a relatively low cost producer compared to the other Latins, also benefits from the organization and technology of the Copersucar cooperative which accounts for half of all the sugar produced in the country. Should world

demand drop, Brazil can still depend on a large domestic market growing at 4-5% yearly and the cane alcohol additive for gasoline project to absorb excess production.

Brazil's excellent market position leads it to reject any agreements that would curtail access to new markets, impose effective quotas, or otherwise limit sugar sales. Brazil is a member of the International Sugar Organization (ISO) and petitioned for large quota increases once its exportable production began to rise. The ISO, however, merely formalistic because of price upsurges, ended its attempted control of the market in December, 1973. Brazil itself believes that current prices are too abnormally high to obtain a workable agreement; for such an agreement to be possible, a market equilibrium must be restored. Meanwhile, it is secure enough to prefer relatively free market conditions, and works for bilateral special arrangements and whatever long-term supply contracts it can arrange at current prices. For this reason, while it participates for information purposes in the new Latin American sugar association in Mexico City, Brazil does not share the interests of the Mexican-Venezuelan drive for a united Latin front in sugar and other raw materials. The 1974 coffee experience makes Brazil leery of producer agreements. For the moment, Brazil has no plans to curtail sugar exports to raise prices and will not support an effort by other Latin American countries to restrict sales.

4. Bilateral Relations and Multilateral Goals in Sub-Saharan Africa

In most countries where it has an active diplomacy Brazil's multilateral goals are subordinate to bilateral relations. Sub-Saharan Africa constitutes the main exception. Until the late 1960's Brazil's relationships with the nations of Sub-Sahara Africa were carried on principally through inter-governmental organizations and commodity agreements. The Costa e Silva government began a measured program of bilateral approximation which has been followed through the Médici to the Geisel Administration. The late 1972 visit of Foreign Minister Gibson Barboza to nine Black African countries and his 1973 trip to Kenya and Egypt was the carefully prepared opening of serious Brazilian interest in Africa in contrast to the flamboyant but ineffectual Third World overtures of Quadros and Goulart about a decade earlier. Brazil thus began to formulate an African policy and to develop new bilateral relationships which are particularly relevant to Brazilian goals in multilateral diplomacy. Schematically, Brazil's bilateral relationships and multilateral goals in Sub-Saharan Africa are as follows:

Bilateral Relations

1. Sign trade and technical cooperation treaties that would allow follow-up by private enterprise, emphasizing manufactures trade for raw materials.
2. Advance cultural relationships based on Afro-Brazilian similarities.

3. Sound out possibilities for Brazilian investment in development projects.
4. Work to increase direct transportation routes across the South Atlantic.

Multilateral Goals

1. Gather support for Brazil's 200-mile territorial waters position.
2. Present the case that Brazil has its own foreign policy for Africa, and its earlier relationship with colonialist Portugal should not inhibit development of closer ties with Africa.
3. Increase Brazil's salience as an industrializing tropical power with something to teach other LDC's.
4. Solicit cooperation on coffee and cocoa commodity matters.
5. Emphasize dynamism and initiative in relationships with other LDC's generally, to facilitate Brazilian cooperation with them in IGO's stressing the concepts of oceanic borders and the tropical world.

In 1973, Afro-Arab use of oil boycotts as a political weapon against states backing Israel, Rhodesia, South Africa, and Portugal heightened Brazilian interest in good relations with Africa. By April, 1974, Brazil had begun to drift away from Portugal and toward the Africans, a shift facilitated by the April Revolution in Lisbon. The new Geisel administration was speaking of broader horizons and global interests, by which

it meant closer and more numerous ties with Africa. Africa has come to be termed Brazil's eastern border or neighborhood, second only in importance to its territorial borders in South America. The end of Portuguese colonialism removed its chief stumbling block in Africa.

Given current political advances of Mexico, Venezuela, and Argentina among the Latin Americans, Brazil sees an advantage in turning to Africa in an attempt to court LDC's on both sides of the South Atlantic and thus forestall potential moves to isolate it as a "Colossus of the South." (Concurrently, both Venezuela and Argentina plan to upgrade their attention to Africa via missions or economic and financial activity on a smaller scale than that planned by Brazil.)

Economic Relations

Trade with African LDC's is relatively small--1.7% of total exports and 3.4% of total imports in 1972.^{1/} Traditionally, obstacles to trade with Africa included only partially complementary economies, African preference for European goods and unfamiliarity with Brazilian merchandise, irregular transportation, Brazilian financial difficulties, lack of Brazilian business

interest in the small African markets, opposition of European trading companies in Africa to the introduction of Brazilian goods, and political problems posed by Brazilian relations with Portugal (under Salazar and Caetano) and South Africa. At best, improved Brazilian economic relations with Africa will need a long-term effort and will remain, in any event, a small portion of its total trade picture.

Reflecting the fact that trade with Africa obeys a political desire for expanded international presence, prestige, and influence, the whole African venture has been heavily government-encouraged and subsidized, from the organization of trade missions and trading companies such as Brasafro to the persuasion of Varig and the Brazilian Lloyd Lines to open regular runs across the South Atlantic. The Foreign Ministry has been most concerned with the success of the effort, attuned as it is to the national image abroad and to dealing with Afro-Asian groups in IGO's. Brazil is interested in or has purchased raw materials from a number of African countries: petroleum (Algeria, Libya, Morocco, Nigeria), copper (Zambia, Mozambique, Angola, Zaire), aluminum (Liberia, Zaire), phosphates (Senegal), chrome (Mozambique), zinc (Zaire, Angola, Mozambique), and asbestos (Mozambique), among others. The persistent problem in the African trade has been to achieve balance by furthering the sale of Brazilian goods. The Foreign Ministry is establishing binational commissions with numerous countries, sponsoring Brazilian participation in trade fairs in cities such as Lourenco Marques (1972), Algiers

(1972), Lagos (1973), Kinshasa (1973), and Dakar (1974), encouraging active participation by Brazilian businesses in GATT's system of preferential tariffs among developing countries (relevant as well to Latin American and Asian trade), and granting lines of credit for imports of Brazilian manufactures. Itamaraty further makes or orders studies of the local economies and distributes the studies to business firms as part of its larger export promotion effort. It asks multinational companies in Brazil to consider the African market, and suggests Brazil's supply potential to European trading companies operating in Africa. Brazilian industries needing imported raw materials have been advised of possible African suppliers. A trade center of Brasafro operations and advertising has been established in Lagos, and the Bank of Brazil is thinking of establishing an office there as well.

Brazil's well-coordinated commercial attention to Africa since 1972 may be unique among all developing countries. Brazil is far ahead of any Latin American country in its African contacts, proportionally and in absolute terms. Brazil's trade turnover with Africa increased from 1.4% of its total in 1969 to 2.3% in 1973 (by partial estimate), but is unlikely to grow faster than the total volume of national trade. On a total value basis, other markets will prove more interesting, but Nigeria, Zaire, Zambia, Morocco, Algeria and Libya can be expected to provide raw materials and purchase a diversified line of products. Past

sales and expressed interest suggest that those products may include sewing machines, coffee grading machines, pharmaceuticals, household appliances, ships, textiles, shoes, cardboard, plastics, zebu cattle, farm machinery, bicycles, electrical equipment, and perhaps eventually even airplanes. In 1974, for example, Brazil exported vehicles to the following African states: Angola, Ethiopia, Ghana, Liberia, Libya, Nigeria, Sudan, Togo, and Zaire, while in January, 1975, Volkswagen do Brasil sent 2,248 vehicles to Nigeria and Zaire alone.

Foreign Aid and Investments

Brazil's foreign aid and investments in Africa may facilitate its overall relationship with the continent by establishing it as a rapidly industrializing tropical country with technological solutions useful to other LDC's in the agricultural and infrastructural sectors. Though this relationship is quite recent, a few examples of joint ventures

offered, contemplated or discussed illustrate the varied potential of the next few years. Brazilian investment and financing activities do or may include:

1. Establishment of VW do Brasil assembly plants in Nigeria, Indonesia, and the Philippines.
2. Petrobrás joint ventures in Gabon, Nigeria, the Magalasy Republic, Tanzania, and Algeria for oil exploration and joint research in petro-chemicals.
3. Construction of a cement factory, a shoe factory, steel mills, and sugar mills in Nigeria.
4. Installation by Vigorelli of sewing machine and school furniture assembly plants in Nigeria as a joint venture.
5. Brazilian contribution of \$2 million to the Inter-African Development Bank in 1971 to finance projects and allow Brazilian firms to bid on them (Yugoslavia was the only other LDC charter subscriber).
6. Participation in phosphate exploration in Senegal.
7. Joint ventures with Nigeria in the industrial processing of fish and agricultural-livestock products.
8. Cooperation with Togo and Dahomey to build a hydro-electric plant and dam on the Mono River, using laterite techniques.
9. Installation of sugar mill in Dahomey.

10. Concessions for copper exploration in Zaire.
11. Participation in electrical development projects on the Congo River (at least \$15 million worth).

Brazilian technical assistance contemplated help to:

1. Senegal--training of government personnel, development of architectural and agronomy schools, joint research on water resources, cattle raising, adoption of Brazilian sports lottery system, food processing technology.
2. Ivory Coast--cattle raising, road building.
3. Nigeria--railroad and highway construction, installation of a radio and TV assembly line.
4. Zaire, Mali, Guinea-Bissau--a literacy campaign using Brazil Mobral techniques.
5. Several countries--soccer training.
6. Ghana--interest in having Petrobras install an oil distribution system, low cost housing, agricultural infrastructure projects.

In addition, recent visits of African missions to Brazil may speed application of Brazilian techniques in Africa. Brazil hopes that its level of industrialization will become better known in Africa so that the country's "tropical technology" (design, organization, and management) can later be tied to purchase of sophisticated products and services by Africans. Communication, aviation, medicine, architecture, highway construction, cattle and agricultural production, shale oil extraction, steel making, dam building, public housing, food

technology, hydroelectric power, and education appear to be the most promising areas. Brazil sees itself presented with a leadership opportunity to encourage economic association among developing countries in these ways at a time when developed country aid has been declining, a theme which its spokesmen have voiced in several multilateral organizations.

Cultural Relations

The African component of Brazilian culture is being officially touted to promote rapport with Black Africa, in an attempt to present Brazil as a valuable associate or partner. Cultural treaties were signed in 1972 with Senegal, Ivory Coast, Dahomey, Nigeria, Cameroon, Togo, Ghana, and Zaire to encourage exchange in science technology, higher education, sports, and the arts. In March 1974, an Afro-Brazilian museum was created in Salvador, in conjunction with UNESCO, the Brazilian government, and the Federal University of Bahia, to research and publish on Africa and Afro-Brazilian topics, provide scholarships for Africans, and hold courses, seminars, and competitions.

The success of the cultural relations campaign is somewhat limited by the reality of Black life in Brazil. The suddenly discovered official enthusiasm about race relations for the purposes of the African policy runs the risk of overselling the situation of Blacks in Bahia, a la Gilberto Freyre, while the acceptance of Black culture by white Brazilians is a chimera that can be conveniently dusted off, when necessary. When the racial paradise stereotype is overdone, visiting Africans quickly see through it and resent the hypocrisy.^{2/} At the interpersonal

level, despite a national myth about Brazilian facility in dealing with non-white peoples, Brazilians are not as "naturally" well-received in Africa as their general press and enthusiasts would like to believe, deal more easily in diplomatic circles with Europeans and Americans than with Africans and Asians, and have occasionally offended Africans with an imperious attitude in IGO forums.

Political Relations

Developing areas outside the Western Hemisphere received only 11.3% of Brazil's diplomatic representation abroad in 1973. The Middle East and North Africa led with 5.9%, then Asia (2.8%) and Sub-Saharan Africa (2.6%).^{3/} Their share of diplomatic representation was slightly more than the 9.0% of Brazil's foreign trade for which they accounted in 1972.

Expanded diplomatic relations in Africa in 1974 added countries such as Guinea, Gabon (second in West African petroleum production), and Mauritius, while greater political interest was expressed in Swaziland and Liberia (producers of iron ore). Bilateral trade and expanded or intensified representation in Africa and Asia (Bangladesh, 1974) allows Brazil to stress its Third World credentials, encourage LDC commodity cooperation through direct persuasion in the national capitals, and smooth over the disagreements with Afro-Asian LDC's discussed earlier (including Brazil's trade with South Africa and openness to investment from that country.) Bilateral relations have also facilitated prior consultation between African countries and Brazil on questions of common interest

in IGO's. Brazil's defeat in the UN General Assembly on the Itaipu issue of prior consultation in use of shared natural resources did much to heighten its interest in political relations with Africa.

Contacts with Africa have offered Brazil opportunities for pronouncements on "Third World" issues, such as law of the sea, a new world economic order, policy toward the Middle East and Portuguese Africa, repudiation of colonialism and racial discrimination, nonintervention, cooperation among raw material producers, criticism of the terms "Third World" and "non-aligned" as out of date, and interpretations of economic development as based on internal effort. A clear symbolism, for example, was intended in the fact that in late November, 1974, Silveira visited Senegal and met in Dakar with Brazilian representatives to Africa on his way to Lisbon to discuss Luso-Brazilian relations and Brazil's future relations with Guinea-Bissau, Angola, and Mozambique. All of which is to say that Africa is useful to Brazil, not so much in and of itself, but for possible leverage or prestige that may strengthen the Brazilian position elsewhere.

5. Brazil and International Financial Institutions

Sound credit ratings and careful monetary adjustment policies have characterized and been crucial to Brazil's economic boom; they allowed Brazil to use the international financial system to attract foreign investments and multilateral loans for development projects. Brazil's main interests have been development finance and resource transfer, trade negotiations, and monetary reform; it has tried, when feasible, to link these issues to favor developing countries. Its growing international trade, expanding economy, and the decline of bilateral governmental aid have made international financial institutions (IFI's) increasingly important to Brazil. While Brazilian interests are clearly different from those of the industrialized states that dominate international finance, a broad gap also separates its needs from those of the majority of developing countries as well.

The country's intermediate position is reflected in a split between two government agencies. The Finance Ministry favors an outward-looking cooperative orientation, based on the government's liberal economic ideas, the market system of the economy, the need for maximum access to foreign capital markets, and the desire for a freer flow of goods and services. The Finance Ministry is concerned about the national credit rating and works well with representatives from the market economies. It is the national representative on the IMF's C-20 group and the Development Committee, in which Brazil has proposed

concepts useful to developing countries, such as the idea of transfer of real resources. Some political opposition to this "banker's mentality" exists in the Foreign Ministry, which has been more sensitive to LDC calls for solidarity in forums such as UNCTAD and IA-ECOSOC and is more interested in the idea of Brazil as leader of the Third World. Thus, the Foreign Ministry, while little involved in strictly monetary questions, specializes in aid and trade matters and tends to be more nationalistically critical of the DC's, more concessional lending and aid-oriented, more in favor of debt rescheduling, and more interested in links between Special Drawing Rights and aid. Nevertheless, the views of the Finance Ministry predominate.

In the IFI's, Brazil usually lines up with the developing countries that have essentially market, export-oriented economies--Colombia, Indonesia, Mexico, South Korea, and Taiwan. The opposite stand is taken by weak economies that are more dependent on concessionary measures--Bangladesh, India, Pakistan, and Sri Lanka. Most other developing countries fall between these two poles. Brazil has feared to support proposals for radical reforms lest such proposals harm its favorable position with the industrialized states; it has more of a stake in the present system than do most developing nations, which openly oppose the financial dominance of the rich states. Brazil under the present regime prefers to manage its large foreign debt and maintain a favorable credit rating rather than re-schedule or repudiate the debt, as Goulart had threatened to do in early 1964.

Brazil's role in IFI's will be examined through its participation in the International Monetary Fund (IMF), the World Bank Group, and the Inter-American Development Bank (IDB).

International Monetary Fund

Brazil has recently been one of the most effective IMF members among the LDC's and prefers that institution as the chief vehicle of world monetary reform. Brazil has been a member of the IMF Committee of 20 and works compatibly with monetary experts from the rich nations. If, as weaker states suggest, a full world conference were to determine the future of international monetary relationships, Brazil would find its voice greatly diluted. Brazil's position in the IMF is strengthened by its many excellent economists (including Delfim Neto and Mario Simonsen), a favorable governmental attitude toward the Fund, and the outstanding abilities of its Executive Director, Alexandre Kafka as well as by its sound economic bases and its capitalistic model. With Brazil's dependence on foreign capital and loans, the Fund's blessings for its monetary policy are necessary for its investment attractiveness and credit-worthiness, which in turn facilitate the transfer of technology-itself a top national priority. Thus, as one of the most important LDC's in the Fund, Brazil plays the "responsible spokesman" for the other LDC's, is more committed than most to the relevance of the Fund to national trade interests and does not dismiss it as a rich man's club. Brazil has for some years occupied one of the three Latin American seats on the Executive Board. Countries not directly represented cast their votes

through these three, a system that allows the Brazilian Executive Director to cast the votes of Colombia, the Dominican Republic, Guyana, Haiti, Panama, and Peru, (representing in 1974 3.22% of the total votes in the General Account and 3.29% in the Special Drawing Account).^{1/}

Brazil developed the concept of mini-devaluations and the system of monetary correction or price indexing to keep official rates close to market rates and to give the private sector confidence in the predictability and reliability of devaluation. The success of these systems is Brazil's unique contribution to the Fund, which also looks favorably on the government's practice of valuing foreign investment in foreign currency for tax (and, implicitly, possible expropriation) purposes. Brazil's good record of loan repayments and tolerance of the idea of industrial profits (and their remittance home, in the case of the multinationals) further enhance its case in the eyes of the Board.

In October, 1974, only Venezuela, Iran, and Saudi Arabia among LDC's had larger reserves than Brazil's \$5.5 billion, the largest reserves of any non-petroleum-exporting developing country. (One year earlier, before the oil price rises, Brazil had the largest reserves of any LDC, \$6.4 billion while the closest rival, Saudi Arabia, had \$3.9 billion.) Brazil has also enjoyed a creditor position in the Fund, one of only seven LDC's in that position in April, 1974.^{2/} Brazil's positive standing became useful in January, 1975, when it was granted access to \$550 million of the \$6 billion deposited by OPEC at

the Fund to help LDC's solve oil price-induced balance of payments deficits.

The World Bank Group

The World Bank Group comprises the International Bank of Reconstruction and Development (IBRD, also called the World Bank) and its affiliates the International Development Association (IDA) and the International Finance Corporation (IFC). Brazil's rapid growth rate has enabled it to draw heavily on the IBRD and the IFC for financial and technical assistance in recent years. Like 20 other LDC's, Brazil has received no credit from the concessionary IDA. Nevertheless, in 1974 it was, with Argentina, the third highest among the LDC's in total subscriptions and supplementary resources in that agency.^{3/} Before 1968, about two-thirds of Brazil's loans from the Bank were for electrical power projects, but after that year emphasis shifted to agriculture, nutrition, industry, and transportation.

The Brazilian private sector has been the world's largest borrower from the IFC, whose purpose is to develop private enterprise. On June 30, 1974, Brazil had a total of \$237.6 million in cumulative gross commitments with the agency in 19 investments, for a share of 22.6 of the agency's total cumulative gross commitments spread over 54 countries.^{4/} In 1974 Brazil borrowed \$101.5 million in loans and equity from the IFC for three projects comprising 49.9% of the IFC's 1974 investments.^{5/} Among LDC's affiliated with the IFC, Brazil is fourth in total subscription (\$1.16 million), behind India, China, and Indonesia.^{6/}

As of mid-1974, Brazil functioned in a group with Colombia, the Dominican Republic, Ecuador, and the Philippines, but did not have a Director or Alternate position.

The Inter-American Development Bank

Because the IDB is a regional institution, Brazil plays a large role by virtue of its economic and population size. However, perhaps because of the Luso-Spanish split, Brazil is less powerful there than some larger Spanish American countries, most notably Mexico, which has a favorable image in the Spanish-speaking countries. Brazil, for example, has been mentioned as a potential candidate to the presidency, but the idea is always dropped for political reasons. In loans received, Brazil ranks first from 1961-73 with \$1.52 billion (24.1% of the IDB's lending in the period) in 96 loans (12.4% of the IDB's total).^{7/} Among all members for 1961-73, Brazil set out the largest counterpart to its loans, outweighing the loaned amount by 3.8:1, which most closely compares with Argentina at 2.5:1, Mexico at 1.9:1, Venezuela at 1.8:1. Consequently, of the total cost (loans plus counterpart) of all projects the IDB financed from 1961-73, Brazil accounts for 37.6%.^{8/} (This figure, incidentally, is close to the 33.0% of Latin America's population that Brazil comprised in 1970, according to World Bank figures.) Recent years have seen a slight acceleration in Brazil's IDB borrowing to 27.2% participation in all loans and technical cooperation, 1971-73, compared with the 24.1% level for the 1961-73 period.^{9/} In subscriptions to capital stock and consequent voting powers, Brazil at the end of 1974 ranked even

with Argentina as leaders for Latin America, at 11.88% of total votes. The 1975 establishment of a \$500 million hard-terms trust fund by Venezuela and the addition of twelve non-regional members plus the Bahamas and Guyana will further reduce Brazil's voting power from the 12.38% it enjoyed in early 1974.

Along with Argentina, Mexico, and Venezuela, Brazil is in the IDB loan Category A, or most developed, which is now experiencing curtailed soft-term or concessional lending through the Fund for Special Operations (FSO), to allow easier loans for the Category D or least developed group suffering petroleum price-induced balance of payments deficits. Brazil benefited greatly from the FSO, receiving as much as 34.7% (1961) and 35.5% (1964) of FSO's loan authorizations in its early years, a share that declined irregularly to 23.1% in 1972 and 16.1% in 1973 but amounted to 18.3% of total FSO authorizations from 1961-73. Brazil's position as a Category A state is reflected in its higher (33.1%) participation in IDB's hard-term ordinary capital loans from 1961-73, but among the four Category A states Brazil with its 18.3% share from 1961-73 far outpaces the others in FSO authorization--Mexico (11.8%), Argentina (7.5%), and Venezuela (4.4%). Brazil also had in late 1973 the largest subscription of any Latin member to the FSO, at 5.8%. (Argentina followed at 5.5%).^{10/} Venezuela, with its petroleum reserves, has voluntarily stepped out of FSO eligibility completely, but Brazil continues to hold that social and experimental projects in Category A member countries should be eligible for FSO loans. Favoring this case are its problem with high oil import prices,

its mid-range GNP per capita among Latin American states, and the Northeast's status as the largest poverty area in the Hemisphere. Factors militating against further FSO eligibility for Brazil include its high economic and export growth rates, large foreign exchange reserves, well-developed industrial plant, attractiveness to foreign capital, sale of government bonds abroad, and foreign aid programs in Latin America and Africa.

6. Brazil and the United Nations

UN Voting Record

To determine the larger patterns of convergence and divergence of interests Brazil has with Western, Communist, Afro-Asian, and Latin American states, a computer analysis was made of all General Assembly plenary votes on all substantive economic, political, and colonial/trusteeship issues for selected years from 1952-73. (Social, technical, cultural, legal, administrative, and financial issues were not selected for analysis, nor were procedural matters of any type.) The years chosen as samples for Brazilian regimes were: Vargas (1952), Kubitschek (1958), Goulart (1963), Castello Branco (1966), Costa e Silva (1968), and Medici (1972 and 1973). (See Appendix #1. Analysis of Brazil's UN Votes.)

For 1972 and 1973, Brazil's voting record on substantive political, economic, and colonial/trusteeship issues in the General Assembly reveals a high compatibility with non-aligned interests (including Latin American non-aligned) on political matters and considerably less on economic matters although the number of voting pairings with the non-aligned and the 77 increased compared to 1968 on both sets of issues. Some compatibility with a Western grouping of 14 (but not the United States) is found on political issues, but on economic issues only with Israel, Malta, and Portugal. Agreement with the Communists was minimal, confined to Yugoslavia (political) and Romania (economic). On colonialism, Brazil paired only with Spain, El Salvador, and Uruguay and did not participate

uniformly in the strong anti-colonialist expressions of the majority of the members of the General Assembly.

Brazil-Third World Differences

In terms of "identity" with the Third World movement, Brazil's voting record is mixed. The recent (1974) polarization of the General Assembly and international economic forums between the industrialized and the developing states has made Brazil's intermediate status all the more apparent, for while it has much in common with the two groupings of developing states that court its solidarity (the Group of 77 and the Non-Aligned Country Group), disparate interests have made cooperation on all counts difficult. The greatest differences between the Brazilian position and those of the LDC consensus are seen in preliminary committees, because in plenary the Brazilian delegation adheres more closely to the common stand of the 77 and for the sake of issue emphasis and clarity downplays its differences with other LDC's. The official Brazilian stance is that the common interests of LDC's are sufficient to overcome the diversity among them.

Brazil's most salient recurrent political and economic differences with the majority of the 77-NACG groupings during 1975 included:

1. Conservative government wary of cooperation with the latest radicalization in the Third World movement
2. Anti-terrorism positions of recent past, still latent
3. Pro-Western orientation on some security issues, at least privately

4. Opposition to expulsion of Formosa (1971), Israel (1974), and South Africa from UN agencies, and maintenance of favorable relations with them
5. Moderate stance on economic nationalism, foreign investment, multinational corporations
6. Narrower definition of the "economic aggression" concept
7. Vulnerability to potential cartels as well as OPEC
8. Less concern about economic dependence on industrialized states
9. No interest in marginal colonial issues such as Puerto Rico, Falkland Islands, and the Panama Canal
10. Less interest in political issues such as Sihanouk's Cambodian government in exile and the status of Korea and Vietnam
11. UN criticism of Brazil for human rights violations and Brazilian defense of Chile on this score
12. Tacit support for continuation of OAS sanctions on Cuba
13. Spanish American charges of "Brazilian imperialism"
14. Support for the Rio Treaty and military cooperation with the United States
15. Resistance to a full North-South confrontation, emphasis on pragmatism instead of polarization and paper majorities
16. Greater concern with DC treatment of LDC manufactures
17. Willingness to work through GATT and IMF as well as UNCTAD

18. Less use of rhetoric, opposition to outright condemnation of the West, and greater desire to treat each issue or product on its own merits
19. Rejection of "non-aligned" status despite observer status at NACG conferences

Given such differences it is no surprise that Brazil's possibility for Third World leadership, considered significant in the late 1960's, was rapidly diminishing by the mid-1970's.^{1/} In 1973, a Brazilian ambassador with experience in Third World countries noted that "It so happens that it is better to be developed than to be a hero of the underdeveloped."^{2/} Foreign Minister Barboza, on a visit to Kenya in February, 1973, announced that Brazil did not recognize any political value in the expression "Third World."

The heavy cross-pressures experienced by Brazil led it to adopt a low-profile conciliatory posture on watershed occasions in which it would have characteristically been more vocal.

The Sixth UN General Assembly Special Session on Raw Materials in May 1974 illustrated numerous differences between Brazil's approach and that of most LDC's. Although Brazil sent a high-level mission, it played an unusually small role in the meeting because of a reluctance to criticize either its major industrialized trading partners (in whose economic health it has a stake) or the Arabs (upon whom it depends for oil). Brazil did not even make a plenary speech, but did warn about the dangers of focusing on the immediate emergency to the detriment of long-run solutions and about the rise in prices of

finished products inevitably pushed by the increase in raw material prices. Having no resolution or doctrine to propose, the Brazilian delegation went to New York with the main purpose of gathering information on a product-by-product basis. The 77 as a whole, on the contrary, was dominated by the hardliners of the NACG, led by Algeria, which called the Conference, and including Iraq, Zaire, Uganda, Guinea, and Libya. As a result, the dominant themes of anti-colonialism, nationalization of resources, formation of cartels, MNC's, indexation, etc. were too strident and militant for Brazil, which, like the Organization for Economic Cooperation and Development (OECD), had some inherent reservations about nationalization without compensation, the negative effects of cartels, and strong controls over multinational corporations. Brazil's more diversified economy and less precarious situation led it to avoid a total identification with either the "77" or the NACG groups' views. Statements on the topic in the national press emphasized the complexity of the problem, the difficulties of conciliating the interests of exporters of raw materials and those of industrialized countries, and the need for compromise, a much broader and more moderate view than that typical of LDC group, which is heavily dominated by exporters of a single raw material at a much lower level of industrialization.^{3/}

At the FAO Food Conference in Rome in late 1974, Brazil emphasized productivity increases in food-short countries, creation of incentive for food exporters to contribute to a non-commercial emergency stockpile and a world reserve, establishment

of research centers on food production in unfavorable climates, and special credits from a World Bank fund to enable countries needing foodstuffs to import them. Agricultural Minister Paulinelli, head of the delegation, pointed out that Brazil was doing its part through increasing its own production and warned that food donations tend to maintain the dependency of the needy nations.^{4/} Although Brazil dealt with the key role the richer countries must play in a solution in transfer of technology and capital, its constructive remarks contrasted strongly with those of countries which condemned the developed states for creating and maintaining a system which continued hunger and misery in the LDCs.

Similar divergencies could be observed in Brazil's participation in the February 1975 Dakar Conference on Commodities, whose main theme was LDC solidarity and producer organizations. Brazil spoke out frequently but was not among the most active delegations. The Brazilian delegate specifically disassociated his country from all of the nine political resolutions passed and tended to resist Algeria's aggressive tactics as chairman of the drafting committee, but not to the point of confrontation. Algeria, the leader of the hard-line group, won conference support for three of its principal goals:

1. OPEC as a model for producers associations.
2. Elimination of foreign influence in the production, processing and trade of LDC raw materials.
3. Indivisibility of producer/consumer oil talks from broader issues of LDC-DC trade.

It is symptomatic of the nature of the Brazilian dilemma that these were the major themes of the meeting and yet it is opposed to the first two and has reservations about the third, manifestly a device of the oil-rich to maintain LDC solidarity in a confrontation style that would obscure differences between OPEC and the oil-poor. Whereas public positions of many of the 77 have broadly endorsed the principles of association in raw materials generally, statements of Brazilian officials often contain references to the difficulties of successful association in resources other than petroleum, the possibility of producer retaliation, the multiplier effect of greatly increased raw materials prices on the price of finished goods, and negative effects of associations in contributing to global economic recession.

In 1973-74 Third World relations Brazil had the greatest affinity with the more moderate members of the movement such as India and Yugoslavia. The ideological cement holding the LDC's together is the locus of many of Brazil's disagreements with group goals, but its diplomats can concede this only privately lest it be excluded from potential economic advantages such as support on tariff discrimination matters.

To help preserve negotiating advantages of Latin or LDC unity and to avoid isolation caused by stressing disagreements with the Third World generally, Brazil in 1974 abandoned vocal resistance to gathering consensus in IGO's. For example, it abstained on the question of readmitting Cuba to the inter-American system at Quito in November, 1974, voted in favor of

admission of liberation movement representatives to the Caracas Law of the Sea Conference, and voted in favor of observer status for the Palestine Liberation Organization in the Twenty-ninth General Assembly. (The latter two votes appeased the Arabs on whom Brazil depends for oil, and made Brazil more acceptable to the liberation movements of Angola and Mozambique, with whom it desired closer relations.) To better defend its interests in the new multilateral DC-LDC context, Brazil has had to become more of a reactor than an initiator.

Brazil's rise to middle power status allows it to play on both DC and LDC interests or themes as necessary without completely committing itself to or alienating itself from any bloc. For example, not only does the Foreign Ministry feel that it can deal closely with the 77, but it also sees a role for itself in close consultations with the United States to convince that country to accept greater cooperation with other Western countries (including Brazil) and to assume a greater sense of DC responsibility for economic progress in the LDC's.

In general, Brazil acts as a champion of LDC rights when it leads from a weak hand and needs to supplement unilateral or bilateral means to gain specific goals such as improved price parity or expanded export markets. It is equally alert to guard against multilateral action that may threaten its own freedom of action or access to resources, be it by developed countries who try to freeze international relationships or by LDC majorities who seek to impose unacceptable standards of political conduct.

With a much wider range of bilateral and multilateral instrumentalities and options and an excellent diplomatic corps, Brazil is not so dependent as are the Africans or the NACG in general on the bargaining power of numbers and blocs for trade concessions, because it can discriminate among issues and play a number of roles as its interests dictate. This flexibility of action is the operational origin of the slogans of "pragmatic responsibility" and "no automatic alignments," a declaration of independence in relation to states both above it and below it on the economic scale. Brazil sees itself as among the most developed, sophisticated, and moderate of the LDC's, as a moderator working for a practical compromise among the LDC's in a way which is most likely to entice some concessions from the rich states without producing a rigid confrontation. Brazilian policies, however, do not have the promise of providing a reliable DC-LDC bridge in IGO's and are most accurately evaluated as those of a new and independent principal actor in the international system.

Brazilian efforts in favor of redistribution of wealth or international advantages seek to enhance its own power and do not imply a recognition of the rights of other LDC's vis-a-vis Brazil as it gains strength. Cooperation with other LDC's in IGO's, then, is a tactical rather than a strategic means of achieving its national interests. Should Brazil continue to grow, its vulnerability as a "have" power and differences with other LDC's will become more pronounced.

Brazil and the Established Powers

If Brazilian diplomats feel that "it is better to be developed than to be a hero of the underdeveloped," they also recognize that association with the large powers is not without its perils and disadvantages. If Brazil does not wish to be thought of as too underdeveloped, neither does it wish to be seen as too developed. It is in the national interest to play the LDC role as long as possible to continue eligibility for preferential treatment. The recent Head of the Economic Department of the Foreign Ministry denounced a categorization of Brazil as nearly developed by some DC's and LDC's :

"As flattering as it may be, we would be wise to resist the temptation to accept it and to recognize that its real inspiration abroad is anti-Brazilian; it aims to restrict our commercial competitiveness or our access to international financial assistance."^{5/}

An upwardly mobile power, Brazil has been sensitive to what it terms a great power effort to "freeze" the international hierarchy of wealth and political influence by concerted action in IGO's. From 1970-75, Brazilian diplomats claimed to see:

1. Tendency of the Non-Proliferation Treaty to reduce access of non-nuclear signatory states to independent nuclear technology
2. Doctrines of "interdependence" and "limited sovereignty" at variance with traditional concepts of national sovereignty held by the LDC's
3. Failure to expand permanent membership of the UN

Security Council or otherwise reform the Charter to reflect changed power relationships since 1945

4. "Diversion" of UN activities into "side streets" or "new tasks" such as birth control or environmental protection to dodge the central issue of the production and distribution of the world's wealth
5. Definition of collective security in military rather than economic terms
6. Tendency for the UN to treat political problems as technical or to appoint a committee of experts sensitive to the interests of the rich nations
7. General major power opposition to international supervision of the exploitation of deep sea bed resources
8. Tendency of great powers to keep major matters between them secret and out of effective range of the activities of multilateral organizations

With Brazil's strong credit rating, openness to private foreign investment, and domestic talent base, UN developmental assistance per se is quite marginal to economic success; what is important about UN multilateral diplomacy is the opportunity to change the structure of the international system so as to ease

upward mobility.^{6/} Brazilian economists and diplomats generally believe that their country is one of the few aspiring modernizers with sufficient social and resource means to attain fully industrialized status and thus to support the expansion of multipolarity.

Brazil and International Controls

Because Brazil seeks to maximize its possible economic choices, it wishes to avoid precedents or agreements that would legitimate a systematically disadvantageous condition. On some multilateral issues Brazil has taken a hard sovereignty-based position, most notably on the Non-Proliferation Treaty; 200-mile territorial waters; the question of prior consultation inherent in the Itaipu hydroelectric controversy with Argentina; use of satellite scanning devices; pollution control; birth control; and possible exploitation of the Amazon. Each of these was an emotional issue for the Brazilian government partially because it perceived an emerging consensus that would block Brazil's legitimate rights in use of its national resources. On each question Brazil took a position that isolated it from a majority of both LDC's and DC's.

The Costa e Silva government said the NPT restricted the right of non-nuclear states to develop independent peaceful nuclear technology (including "peaceful explosions"), and for several months Brazil attempted to convince other LDC's that the issue was related to DC-LDC technology transfer. The great majority of LDC's had no aspirations to independent nuclear technology for what purpose, so for them the point was irrelevant. Brazil finally joined the ranks of the few LDC's that refused to sign the Treaty for various reasons (including India, Argentina, and Egypt) and regarded the matter as a point of honor on which the national interest had been safeguarded.^{7/}

In 1972, Brazil saw itself as the principal LDC defender of full sovereignty for coastal states over resources from the ocean's surface down through to the seabed and as far out as they alone should determine. By the time of the mid-1974 Caracas Law of the Sea Conference, the compromise-prone patrimonial sea concept of Mexico had gained so much ground among LDC's and a few DC's that Brazil stood with only 10 countries (mostly Spanish American except Somalia, Sierra Leone, Philippines, and South Korea) that demanded control of navigation within 200 miles of the coast. Brazil, however, was in the company of over 70 states (mostly LDC's) that defended the right of a coastal state to fix the limits of its own jurisdiction. During the conference, Brazil showed flexibility on navigation and overflight but insisted on the need to maintain sovereignty over all live and mineral resources and pollution and research matters within 200 miles.

Before the Conference, some Brazilians argued that full sovereignty up to 200 miles was difficult to enforce and politically embarrassing, while what interested Brazil were the resources under the sea and pollution standards out to 200 miles, which the patrimonial thesis of 12 miles of full sovereignty and 188 miles of resources rights would secure.^{8/} Eventual gravitation toward the patrimonial concept can be expected as the 1971 decree is divested of the emotional implications with which it was announced, but the offshore oil discoveries lend an element of national economic security to the maintenance of full resource rights.

In common with several other LDC's, including India and Pakistan, Brazil as a "have" maritime nation with thousands of miles of coastline has shown little interest in the rights of landlocked and shelf-locked states (mostly African, except Bolivia and Paraguay).

A persistent problem in Brazil's relations with other LDC's on maritime matters is Brazil's much heavier involvement in naval and merchant marine affairs and its greater stake in all decisions reached. For example, Brazil attaches great importance to foreign exchange and balance of payments advantages that might accrue from expanding the proportion of its trade carried in its own vessels. Such fleet expansion also serves to build shipping as a major national industry. Seeking general LDC support in UNC'AD for the principle that transportation is an "invisible" element of trade vital to poorer countries, Brazil found rough going because very few of them could hope to benefit from that principle. To Brazil the issue was a larger share of the more than \$650 million generated yearly in freight charges by its trade.^{9/} As with the NPT issue, Brazil responded in terms of interests unshared with the 77; on the 200-mile issue, Brazil also had minimal success in finding general LDC agreement, but could remain sufficiently accommodating to join the consensus eventually--albeit slowly for domestic political reasons.

Brazil also became isolated in the controversy surrounding the huge Brazilian-Paraguayan Itaipu hydroelectric complex being built on the Parana River. The dam, to begin operation

in 1985 with an estimated 12.6 million kilowatt capacity, ^{10/} increases the electric power available to the Center-South and is considered vital to national progress by the government, because almost all electric energy in that region is generated by water power and Brazil's growth in demand for electrical energy is above the world average. Given the size of the project and concern about Brazil's expanding influence, Argentina demanded prior Brazilian consultation about how the dam might affect health, the climate, and navigation downstream in Argentine territory. Brazil denied the validity of such concerns and announced plans to continue the project bilaterally with Paraguay and without prior consultation with Argentina (which Brazil claimed would imply a veto power on the project for Buenos Aires).

Argentina took the issue to the 1972 Stockholm Conference on the Human Environment under the topic of environmental protection; it hoped to see its rights stated in a resolution that would require a system of information and prior consultation in exploration of natural resources common to two or more countries. Brazil resisted, and said that prior riparian rights, sovereignty, and the 1971 five-power Declaration of Asuncion favored its case. A split Conference referred the issue to the 1972 General Assembly. In the meantime the two governments reached a compromise: Assembly Resolution 2995 (115-0-10) of December, 1972, stated that the natural resource development should not be allowed to cause harmful effects in zones outside national boundaries and that information should be exchanged to prevent such damage.

Argentina was not fully satisfied with the clarity of the 1972 resolution and in the Assemblies of 1973 and 1974 tried to restate the matter in terms applicable to the River Plate in order to create a global consensus unfavorable to the dam. Argentina's effort to lobby for votes among the Afro-Asians in both years was much more successful than Brazil's and the former had its interests included, over Brazilian negative votes, in Assembly Resolution 3129 (77-5-43) of December 13, 1973, and Article 3 of Resolution 3281 (100-8-28), of December 12, 1974. Both supported cooperation and prior consultation on shared natural resources. (Resolution 3281 was the famous Charter of Economic Rights and Duties of States, very popular with the LDC's. Because of opposition to the prior consultation clause in Article 3, Brazil was one of only 10 of the group of 77-now about 100-that did not co-sponsor the Resolution, although it voted in favor of the Charter as a whole.) For the Africans, the relevance of the issue was largely hypothetical and tended, oddly enough, to undermine the ideas of sovereignty they often defend. If the voting results represented a political setback for Brazil on a crucial resources and energy matter, Brazil could return to the bilateral level and the La Plata regional organization, where it could expect the votes of Paraguay and Bolivia against Argentina and Uruguay. Brazil reasoned that the Declaration of Asuncion favored its case, and as a regional agreement specific to the situation, had legal precedence over any general or global principle.

Brazil's desire to exploit its resources fully and its concern to maintain economic growth have led it to endorse an

interpretation of sovereignty that implies full utilization by a state of the resources found within its borders, unhindered by suspensive consultations or regulations. The defensive reactions to foreign criticisms of the destruction attending the opening of the Amazon in the early 1970's accorded with this sensitivity.

Similarly, at the 1972 Stockholm Conference, Brazil argued, as if it were a proponent of LDC interests, that international anti-pollution standards valid for industrial states (the major polluters) if applied to the LDC's, would prolong their dependence; their less sophisticated technologies would be unable to comply with costly environmental protection standards, if international lending agencies were to demand them as a condition of financing projects. Since poverty was the "worst form of pollution," Brazil suggested more industrial development, not less; and as rapidly as possible. Brazil also said that poor nations could not reasonably be requested to slow down industrial progress before more scientific information on the effects of pollution was available. Brazil refused to have its growth hindered by standards proposed by industrial states that had industrialized without such obstacles. The style and vigor of the Brazilian delegation, from the Ministry of the Interior rather than the Foreign Ministry, and independent of consultation with Spanish American delegations, isolated Brazil, and caused it to be described as a "villain of the earth."^{11/} The Brazilians, much to their surprise, did not receive the support they expected from other LDC's, because the latter did not feel

their interests threatened. Brazil spoke forcefully because its governmental legitimacy, export revenue, living standards, and great power aspirations are tied to rapid growth of heavy industry.^{12/}

Brazil took a similar stance on population as a human resource; namely, optimum population densities should be expected to vary from country to country and could not be assumed to be globally determinable on the basis of perceptions of densely-populated and externally-dependent countries such as the Netherlands, Japan, or Bangladesh. Nor was over-population necessarily the inevitable result of a pronatalistic policy. As a low-density high resource, moderate-income country, Brazil sees the matter of population size from a different angle than either a heavily industrialized modern country with dwindling space or a very poor, traditionalist country with the man/land ratio already near the limit for its level of technology. Again, Brazil's intermediate status (this time in population/resource figures) gives it a point of view different from those of all Four Worlds (Capitalist, Socialist, Nonaligned, and Least Developed). Brazil is confident it can move through the demographic transition to low birth rates while increasing per capita income steadily.

Although Brazil was the pronatalist champion at Stockholm, by the time of the August, 1974, UN Population Conference at Bucharest, it had ceased its strident evangelistic approach and begun quietly to recommend demographic and medical studies, the right of couples to birth control information when desired,

consideration of demography and development together, and the right of each state to determine its own population policy. Brazil continues to oppose state-sponsored birth control and international pressures to limit population as violations of individual rights and sovereignty, respectively. While Brazil played a low-profile role at Bucharest, Argentina became the intractable pronatalist, reacting under Peronist nationalism to Brazil's nearly fivefold greater population. Brazil's change reflected a new conciliatory reluctance to adopt loudly divergent positions in IGO's at least as much as a moderation of feelings about population control. A change in Mexican policy, in the direction of family planning made Brazil's switch in IGO stance less embarrassing politically.

Brazil has also taken a forceful sovereignty-based position on remote sensing of natural resources by satellite, a matter that reflects a US-Brazilian divergence of interpretations. Given its unoccupied space, Brazil has at least as much to gain as any other LDC by satellite technology, but it is concerned that countries or multinational corporations with superior technology might obtain competitive or negotiating advantage if the results of remote sensing were freely disseminated, as the United States maintains that they should be. Because their size and more developed condition relative to most LDC's make them more sensitive to the issue, Brazil and Argentina presented a resolution on the matter to the 1974 General Assembly that incorporated the following points:

1. Remote sensing should require the consent of states whose territories are included.
2. Those states have a right to participate, e.g., to affect programming and have access to all data obtained.
3. International cooperation in remote sensing should be promoted.
4. There should be universal participation in remote sensing in all areas outside limits of national jurisdictions, e.g., oceans, polar areas.
5. Countries should be internationally responsible for all remote sensing done by their respective nationals.
6. States should have the right under international law to protect themselves from unwanted remote sensing.
7. Complementary treaties on the matter at the bilateral and regional level should be fostered.
8. Conflicts on the subject should be settled according to pacific procedures provided for in UN Charter Article 33.^{13/}

Brazil hopes to use satellite technology in resource discovery via bilateral arrangements with technologically advanced countries, yet to rely on new norms of international law that might allow it to participate in and control both the gathering and the dissemination of such information.

During the immediate future, regardless of which way it moves, Brazil can be confident that its decisions will be carefully noted and weighed by a broad range of governments at all

levels of power and influence and in all regions of the world. Although it has not yet achieved the status toward which it aspires, Brazil has gained wide acknowledgment that it probably can realize its ambitions and is thus ready to command some credit in terms of deference and consideration. As a middle-rank power on the way up, Brazil is well-placed to keep its lines open to nations at all levels of the international system and to make full use of the influential role it has attained.

7. Participation in the Inter-American System

The Organization of American States

Because Brazil maintains a large global network of diplomatic and trade relationships, the Organization of American States does not figure in Brazilian diplomatic calculations to the extent that it does in those of the smaller member states. Even while reiterating the primacy of Latin America in its foreign policy and praising continental solidarity, the Brazilian government does not wish to appear restricted or limited to the Western Hemisphere in its international activities, and its recent major initiatives have occurred outside the Hemisphere. Unlike the smaller member states, Brazil feels efficacious in a bilateral context vis-a-vis both Washington and its Latin neighbors, and does not find it necessary to rely primarily on force of numbers to face the United States, as have, say, Panama and Ecuador in recent years. Further, a salient role in the OAS would accentuate possibilities of conflict with Spanish America, given the differences in national interests and perspectives and Brazil's position as the second largest member. Unwilling to be considered either "just another South American country" or an ally or gendarme of Washington, Brazil has adopted a rather low profile (i.e., "good member" or "reasonable partner") role in the OAS and prefers to rely on bilateral relationships to achieve its Hemisphere goals. Along with these perspectives goes scepticism about how much the OAS can accomplish, especially in relationships between Latin America and the United States.

Brazil finds the OAS useful for a number of functions relevant to its foreign policy, as an adjunct to its bilateral efforts. Politically, Brazil supports the inter-American system as an appropriate forum for regional problems, including legal ones. Except under Quadros or Goulart, it has hesitated to take multilateral issues to the United Nations; the only significant exception in recent years has been the Itaipu controversy, which was actually pushed into the General Assembly by Argentina rather than by Brazil. The OAS is seen by Brazil as an institutionalized, multilateral channel for discussion and informational exchange, which provides it with dialogue opportunities but does not constitute a major podium. Thus, while favoring progress of the New Dialogue through the OAS as a general principle to improve US-Latin American relations, Brazil itself prefers to deal and consult directly with the United States, and with Secretary Kissinger if possible, rather than appear part of a Latin package deal.

On issues such as U.S. trade protectionism, territorial waters, and political terrorism, Brazil has used collective pressures available in the OAS to encourage policy changes in other member governments. For example, in March, 1975, Brazil joined Argentina and Uruguay to request a Permanent Council meeting to protest the imminent dumping of tons of arsenic compound into the South Atlantic by a Finnish ship; when the Finnish government refused permission for the discharge, the meeting was canceled. As for issues in which it is more vulnerable, such as human rights or extraconstitutionality,

Brasilia resists legitimizing any unrequested international investigations or observer teams.

The OAS is perhaps most useful for Brazil in a defensive sense; through it, Brazil has sought to prevent the formation of a Spanish American bloc that might, in turn, become a threat to itself.

If Brazil has not aligned itself with any Latin sub-groups in the OAS, the country has attempted to show its solidarity with Latin America and disavow hegemonic pretensions. Brazil is careful not to allow its close relationship with the United States to isolate it from the rest of Latin America. Even when privately inclined toward the US position, the Brazilian delegation will publicly side with the other Latins on a controversial matter. Nor will it criticize the majority position unless certain of support from some Spanish American republics.

Since the revolution of 1964, security and defense issues under the Rio Treaty have been an area in which Brazil has been willing to part from the Latin American consensus. The isolation of Cuba, condemnation of subversion, and measures against political terrorism and kidnapping received energetic support from Brazil. It sent the largest Latin troop contingent to the 1965 OAS peacekeeping force in the Dominican Republic, which was nominally commanded by a Brazilian General. Afterwards it unsuccessfully promoted the idea of a Permanent Inter-American Peace Force. Its attitude on terrorism and airline hijacking has been among the most hard-line in the Hemisphere, and was dramatized by an unprecedented six-member walkout that Gibson

Barboza led during a January, 1971, Foreign Ministers Conference, to protest a resolution on terrorism that only concerned itself with attacks on diplomats. Brazil's defense of Hemisphere collective security stems from the conservative and internal security-oriented nature of the military regime, and is bolstered by the experiences of upper-echelon officers who served with Brazilian Expeditionary Force in Italy during World War II. Although several Spanish American countries, notably Argentina and Peru, have attacked the Rio Treaty as useful only to U.S. interests, Brazil resists attempts to weaken the present inter-American military alliance and urges cautious reform rather than drastic revision. For peaceful settlement of disputes, Brazil favors the principles of the Pact of Bogota, but prefers to settle its own disputes bilaterally, as with Paraguay over the Guaira Falls in 1966.

Under Quadros and Goulart, Brazil defended ideological coexistence in the Hemisphere and fought exclusion of Cuba from the inter-American system. The 1964 coup was the turning point in the isolation of Cuba by the OAS, for the new attitude of the Castello Branco government allowed a two-thirds vote on the issue. Foreign Minister Leitao da Cunha was chairman of the Ninth Meeting of Consultation at which Cuba was expelled. Succeeding military governments continued to reject Cuba as a source of antagonism and subversion, especially when Brazil faced internal terrorism from 1967 to 1972.

Toward the end of the Medici government, Brazil began to drift away from the hardline "ideological frontiers" concept of

anti-Communism toward acceptance of "ideological pluralism." By mid-1974, under the Geisel administration, as with recent switches on the issues of the Middle East and Portuguese Africa, larger considerations were whittling away at the obsessive anti-Castro stance. Brazilian policy changed in response to the leaky blockade and growing receptivity to Cuba in Spanish America, and did not reflect a change in ideological convictions. Unlike the 1971-72 period, Brazil was becoming more image-conscious and therefore more reluctant to stand out against new trends. The government decided, with the urging of Azeredo da Silveira, to accept the drift toward the readmission of Cuba; that is, not to oppose it actively or vote negatively.

With return of Cuba frustrated by lack of a two-thirds majority at the November, 1974 meeting of Foreign Ministers at Quito, Brazil preferred to postpone discussion of Cuba's readmission but was not ready to engage in a diplomatic fight to that end. Brasilia has little desire to renew relations with Havana. And, although Brazil does not seem to be following the U.S. lead, a change in Washington's policy might facilitate a change in Brasilia's.

The OAS system means little to Brazil in the way of economic assistance because, like four other Latin American nations, it is a net contributor.^{1/} Any economic benefit that might accrue to Brazil through the OAS would come in political changes in the inter-American trade, aid, or resource situation that could be achieved through multilateral diplomacy. Here Brazil follows the same policy which it uses in other IGO's;

it advocates more favorable treatment of developing countries and "collective economic security," although it does not endow the latter term with the anti-capitalist rhetoric of some Spanish American governments. Brazil tried to play the moderator between the United States and Peru on collective economic security; it presented its own version, which diluted some of Peru's ideas about counter-measures against economic aggression, but the compromise version was unacceptable to the United States.

Brazil's reaction to the 1974 U.S. Foreign Trade Acts shows how its economic interests overlap with and differ from those of Spanish America. Compared with Venezuelan, Colombian, Ecuadorean, and Peruvian comments, those of Brazil were measured and moderate. Brazil opposed most strongly countervailing duties against subsidized exports and feared the law could presage retaliatory protectionist sentiment unfavorable to developing countries.

As a member of several exporters' groups, Brazil also expressed concern about provisions for retaliation against agreements among raw material producers. President Geisel said the law tended to freeze international economic power in a manner disadvantageous to developing countries, and the Brazilian government backed the Venezuelan request for a meeting of the OAS Permanent Council to consider the matter.

Despite solidarity with Latin America, Itamaraty spokesmen emphasized that real solutions would have to be worked out over the long run in bilateral negotiations as each country and each commodity or product found its own place in the provisions of the measure. The OAS meeting was a collective Latin protest to

make Washington aware of the strength of sentiment among its trading partners. The tone seemed to call attention to the need for joint bilateral stands; it was not the strident alarm for mobilization, perceptible from Venezuela and Ecuador, denied preferential treatment by the law as OPEC members. For Brazil, confrontation should not damage opportunities to restructure Latin American-US trade in a less restrictive fashion through reasoned discussion. Official Brazilian reaction to the law would depend upon the direction in which it was enforced, although officials were not optimistic about possibilities for trade liberalization in the current atmosphere. Foreign Ministry press releases emphasized that the law gave the American president full authority to operate in multilateral commercial negotiations within GATT, the latter aimed at liberalizing world commerce. Thus, Brazil's official position, while decidedly critical, offered a broader, more detailed, more empathetic, and somewhat more optimistic interpretation of the probable effects of the law than did those of most of the governments of Spanish America. However, for purposes of solidarity, Brazil joined the other Latins to condemn the Trade Act at the OAS Permanent Council meeting in January, 1975.^{2/}

The greatest distinction could be seen in attitudes toward creation of a Latin American Economic System (SELA), championed by Venezuela, Colombia, Peru, Mexico, and Cuba as a regional organization to exclude the United States. Brazil much prefers the present OAS structure which includes the United States and is wary of SELA for a number of reasons. Brazil does not wish

to gamble what it regards as a basically satisfactory relationship with the United States to throw itself precipitously into a new confrontation-type organization with more leftist and nationalistic foreign policy styles than its own and within which it could become the whipping boy. Given current inter-American political and economic dynamics, membership in a SELA would make Brazil's awkward position even more uncomfortable.

Brazil feels the conflict of interests between Latin oil exporters and importers; its support of the general concept of producers' associations does not include endorsement of either the high petroleum prices that Venezuela favors in OPEC or the concept of political reprisals against consumer states. Seen from Brasilia, SELA appears to be Venezuela's attempt to make political capital out of its oil revenues, garner influence in the Andean Pact and the Caribbean, downplay the oil exporter-importer conflict, and acquire Latin cover for its economic relationship with the United States. Venezuela's new economic relationship with Central America, for example, gained support there in its militant stand on the Trade Bill. Being sceptical about the viability of producers' organizations outside petroleum and inclined to utilize domestic stockpiling instead, Brazil does not favor Venezuelan and Mexican ideas of a militant unity of all Latin raw material producers. It also fears consumer retaliation. Since SELA is OPEC-inspired and Brazil has reservations about OPEC, SELA interests are not seen as Brazilian interests. One example will suffice. Provisions of the Trade Act that deny preferences to countries which

AD-A081 018 DEPARTMENT OF STATE WASHINGTON D C OFFICE OF EXTERNA--ETC F/8 5/4
BRAZIL'S MULTILATERAL DIPLOMACY, (U)
DEC 75 W A SELCHER

DEPARTMENT OF STATE WASHINGTON D C OFFICE OF EXTERNA--ETC F/O 5/4
BRAZIL'S MULTILATERAL DIPLOMACY, (U)
DEC 75 W A SELCHER

FAR-25259

NL

2 OF 2

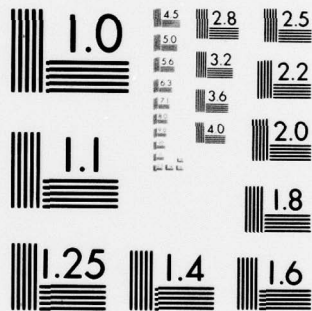
AD
AORIOB

END

DATE
FILMED

3 - 80

DDC



MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS-1963-A

nationalize U.S. property without adequate compensation do not concern Brazil. Should SELA be formed, however, Brazil would be under pressure from a fait accompli to join to defend its interests, but in all likelihood would exert its influence in the direction of moderation because it does not feel as restive as the Spanish Americans about the United States' domination of the inter-American system.

Brazil is not active in OAS cultural, educational, or scientific affairs (it is outpaced by Venezuela, Mexico, and Argentina), though it does try to obtain representation on the respective committees. This lack of interest accords with its low level of interest in such relations on a bilateral basis with Spanish America generally.

In the OAS Brazil rarely attempts to call attention to itself. While criticizing the US, Brazil does not engage in vituperation and does not champion issues not directly affecting it, such as expropriation and the Panama Canal question (lately a favorite of Colombia, Costa Rica, and Venezuela). Although not a sponsor of major initiatives since the Inter-American Peace Force idea in 1966-67, Brazil actively pursues compromises and practical working agreements. It tends to work more closely with the United States than do most of the other Latin members. Brazil has not been in the forefront of recent efforts to reform the inter-American institutional system. Brazil apparently feels that introduction of proposals for change would tend to isolate it from Spanish America. While the move might have strengthened Brazilian relations with Paraguay, Itamaraty's

support of Sapena Pastor for Secretary-General in early 1975 also considered his probable role as a caretaker, non-activist sort who would not urge major structural changes.

The Latin American Free Trade Association (LAFTA)

Although it grew consistently during the mid-1960's, rising from a low of about 5% in 1961, Brazil's trade with other LAFTA members stagnated toward the end of that decade, when taken as a percentage of Brazil's total trade value. The percentage of Brazil's exports going to LAFTA is illustrative: 1969 (11.0%), 1970 (11.1%), 1971 (12.2%), 1972 (10.4%). To provide a frame of reference, these figures can be compared with recent intra-LAFTA export figures of other members.

1972 Exports of the Larger LAFTA
Members to Other LAFTA Members

<u>Country</u>	<u>Absolute Value (Millions of Dollars)</u>	<u>Percent of Total Export Value</u>
Argentina	\$484.1	24.9%
Colombia	\$107.1	12.4%
Chile	\$100.5	11.7%
Brazil	\$414.8	10.4%
Mexico	\$141.2	7.6%
Venezuela	\$144.1	4.4%

Source: IMF. IBRD. Direction of Trade Annual, 1969-73.

Mexico's distance from the rest of the group and Venezuela's oil sales to industrial states partially explain their low percentage ranking, but, in any case, despite the high absolute value of the trade, Brazil's exports are certainly not heavily directed to LAFTA. Mexico, Argentina, and Colombia, for example, increased their trade with LAFTA partners much more than Brazil did since 1961. In 1962, nearly all of Brazil's exports to LAFTA were absorbed by Argentina, Chile, and Uruguay, but by 1972 its zonal trade was so diversified that this figure dropped to 60.2%--38.1%, 13.5%, and 8.6% respectively. LAFTA means most to Brazil in terms of exports of manufactures, which rose from 19% of Brazil's total sales of these items in 1963 to 51% in 1970. (Brazil's businessmen actively participate in the LAFTA complementarity agreements in certain manufactured commodities.)

Brazil believes that LAFTA has gone about as far as it is likely to go with its program of multilateral tariff concessions, particularly in manufactured goods, because of the resistance of the medium-sized and smaller members. Brazil now feels that its own export promotion apparatus will prove more effective than LAFTA's multilateral mechanisms. Brazil is interested in LAFTA for any new industrial complementarity or joint venture facilities it may provide, but, like Mexico, it is a regional creditor and is wary of any reforms that would require further tariff or monetary concessions of it. Thus Brazilian interest in the Association is mild, emphasizes manufactured goods, and is occasionally obstructionist, opposing common policies on

foreign investments. Rather than aim for full economic integration (which could offer Brazil definite advantages in view of its strong economic position), Brazil now seeks to take advantage of such trade opportunities as already exist, in part a reaction to lingering Spanish American fear of Brazil's capacity for economic domination.

The Andean Pact

Brazil's relationship with the Andean Pact involves both bilateral relations with individual members and decisions taken by the Pact that influence those bilateral relations. Unlike Mexico and Argentina, Brazil does not have a "mixed commission" type of committee with the Pact, largely because of its bilateral preferences and the fact that the disunified Pact has insufficient power to grant or deny access to the mineral and hydrocarbon resources and the markets that Brazil wants. Brazil's trade turnover with Pact members in 1972 was \$241.6 million, 28.4% of its trade turnover with Latin America. Of the Pact trade, 65.2% went to Chile and Venezuela.

Even though formation of the Pact was a reaction to domination of LAFTA trade by the "big three" (Argentina, Brazil, and Mexico), Brazil has been well-received by Pact members and its trade with them is rising gradually. Brasilia is still deciding the nature of the relationship to be undertaken with the Pact, as an auxiliary to, rather than a prerequisite for, closer relations with individual members. Joint exploration for and exploitation of copper, coal, natural gas, petroleum, and tin are attractive to Brazil. Brazilian industrialists

show lively interest in joint ventures in manufactures and technology, as governed by the Pact's regulations on common treatment of foreign capital.

Brazil's future relations with the Pact depend much on bilateral understandings, which will be influenced by Brazil's image in the Andes, the cohesiveness of the Pact, Venezuela's pretensions to leadership, Colombia's decision to give preference to Pact members in its coal sales, members' concern about protection against "outside interests," and the extent of the Pact's ability to discourage independent unilateral actions of its members in the name of integration. Judging from the Declaration of Ayacucho, December, 1974, the political purposes of the Pact are somewhat at variance with Brazil's, particularly with reference to Cuba, colonialism, arms control, and producers associations, while the domestic regimes of the influential Pact members are more leftist than Brazil's.

8. Conclusion

Brazil's Multilateral Relations in Perspective

The late 1950's brought the start of changes in Brazil's foreign style that carried into the next decade under several governments. The concept of a reasoned national interest began to replace the guidelines set by older statements of philosophical principle, and foreign policy became involved with domestic policy (particularly from 1961-64). The chief national goal became industrialization, which demanded greater and more closely-directed involvement in international affairs to expand trade and obtain economic and technical aid; the new disciplined approach to both bilateral and multilateral relationships stressed efficiency and effectiveness. Foreign policy became instrumental to concrete national programs. Aggressiveness, initiative, and adaption replaced passivity. Development, disarmament, and decolonization, the "3D's," were keystones of the 1961-64 "independent foreign policy." A broader foreign presence was obtained with expansion of bilateral and multilateral representation abroad, including commercial promotion programs and diversification of relations. (See Appendix #2. Brazil's Representation Abroad.)

The interests that Brazil pursues multilaterally fall under economic and political headings, with the first considered most important, both to raise the national living standard and to augment national leverage in foreign policy. As regards economic development, Brazil feels that industrialization is the individual responsibility of each country, but multilateral

economic cooperation should be an effective complement to domestic efforts to reduce the time lag and social costs of economic progress. Multilateral aid should enable the receiving country to become more internationally competitive and self-sufficient economically. Lacking a mass domestic market, Brazil has chosen in the short and medium runs to rely on the foreign environment for export revenue, loans, and direct investment. While internal efforts and bilateral negotiations form Brazil's main thrust, diplomacy in IGO's and conferences seeks to:

1. Maximize and stabilize prices for raw materials exports through commodities agreements
2. Assure free access to and preferential treatment in the markets of developed countries, especially for its manufactured goods (opposing escalation of tariffs on same)
3. Expand the percentage of the national trade carried in national ships
4. Attract foreign investment and multilateral loans under advantageous terms
5. Increase national import capacity
6. Facilitate the servicing of a large foreign debt
7. Maintain a favorable balance of payments
8. Assure a dependable supply of raw materials and energy at favorable prices
9. Stimulate the eventual creation of a large domestic market

10. Absorb as much sophisticated technology as the level of national development will allow by facilitating transfer of skills and technology from the industrialized countries
11. Oppose general acceptance of any practice that would give strong competitive advantage to the more industrialized states in technology, trade or exploitation of natural resources (i.e., preserve national choices via preventive diplomacy).

In the pursuit of these goals, Brazil has become involved in the movement to restructure the international economic, financial, and technological orders under the auspices of the United Nations Conference on Trade and Development (UNCTAD). Essentially, rather than seek the establishment of a radically new economic order, Brazil wants to free up the existing international arrangements so it can operate more effectively. In its drive for upward mobility, Brazil tries to gain as much support as possible among the LDC's in forums such as monetary and commercial negotiations and ECOSOC, which have been the scenes of attempts to exert a broadfront pressure on the richer states.

The next several years, perhaps a decade, will be the most crucial period in which, as a First Secretary of the Brazilian Permanent Mission to the UN at Geneva said "the foreign sector is to carry out the strategic role of sustaining the momentum of the Brazilian economy."^{1/} National foreign policy in IGO's, oriented in increasingly economic terms, has become a

way not only to speed development but also to reduce the social burden of industrialization and to find temporary substitutes for a large consumer economy needed by a major industrial power such as Brazil intends to be.

If the political imperatives of this economic policy reflect a sense of confidence in the national future and the great power aspirations Brazil has entertained for so long, they also evince an awareness that the nation is a late-comer to industrialization and still a minor international actor with considerable inherent weaknesses, such as heavy dependence on imported petroleum. Faced with limits to their freedom of action of the international scene, Brazilian diplomats are convinced of the cruciality of the moment, of the need to move beyond the relatively fragile present stage, lest Brazil be crippled by a sudden combination of unfavorable economic circumstances, as was Argentina after 1930. This feeling partially accounts for the competitiveness and vigor with which the Foreign Ministry led the domestic and international attack against any emerging international consensus perceived as a contrived or arbitrary obstacle to full development of national potential, such as the Non-Proliferation Treaty, the birth control issue, international pollution standards, a 12-mile limit on coastal sovereignty, and restrictions on use of water resources shared by several states. The same sentiment criticizes US-Soviet detente on the grounds that the new understanding actually reduces Soviet and US concern for poorer countries, spurs East-West rather than North-South trade, and produces international

agreements to establish tacit spheres of influence and thwart the development of medium-sized and aspiring powers such as Brazil, India, and China.^{2/}

Much of the Brazilian diplomatic style in the international governmental organizations still appears to entail at least partial or implicit acceptance of the image of a negative concert of the most powerful states seeking to inhibit its freedom of action. The Geisel government's principles of "responsible pragmatism" and "no automatic alignments" declared not only an adaptive nationalistic freedom of action but also support for multipolarity and a wariness of the generosity of major powers. Brazil can be expected to continue promoting diffusion of power and decision-making participation to more international actors and to engage in tactical cooperation with other states pursuing the same ends, including China and the Arab states, with which it is now intensifying bilateral relations. Its hopes for great power status in an increasingly competitive international system demand that it keep open for future use as many options as possible.

Appendix #1. Analysis of Brazil's UN Votes

The results are shown in Tables 1, 3, and 5, both as the total number of states with which Brazil paired at the 0.75 agreement level or above on all substantive issues of each type for each year and as the percentages of those agreement pairings which occurred with states from each of the above four groupings. To allow for comparison of Brazil's recent record with those of salient Third World states (Algeria, India, and Peru), the USA, and the USSR, Tables 2, 4, and 6 were constructed in a similar manner for 1972 and 1973.

Votes on Economic Issues

Infrequency of votes on substantive economic issues before 1972 among the years chosen makes meaningful analysis difficult. There were no votes or too few in 1963 and 1966 or adjacent years to provide a basis of comparison, and the 1968 results are restricted to a single vote. The years of 1952 and 1958 show a definite lack of overlapping interests with the West or the Communists and a grouping with other developing countries, although 1958 is noteworthy for the single pairing (with Bolivia). The single vote of 1968 again makes generalization risky, especially since that year in UNCTAD II Brazil grouped more closely with developing countries than this would indicate. The greater number of votes of 1972 and 1973 provide a valid basis for comparison, and here Brazil is heavily (81.8% and 87.6%) paired with other developing countries, but has only 27 pairings for 20 votes. These pairings were distributed as follows:

<u>West</u>	<u>Communists</u>	<u>Afro-Asians</u>	<u>Latin Americans</u>
Malta (1972)	Romania (1972)	Afghanistan (1972)	Argentina (twice)
Israel (1973)		Congo (1973)	Bolivia (1973)
Portugal (1973)		Guinea (1973)	Chile (1972)
		Ivory Coast (twice)	Guyana (twice)
		Malawi (1973)	Jamaica (twice)
		Pakistan (1972)	Nicaragua (1973)
		Tanzania (1973)	Paraguay (1973)
		Thailand (1973)	Trinidad-Tobago (1973)
		Zambia (1973)	Uruguay (1972)
			Venezuela (1972)

Diversity of Brazilian economic interests is indicated by a pairing with only 4 states for both years; surprisingly, the great majority of the 19 developing states on this list are found at a lower level of economic development than Brazil. Perspective provided by Table 2 shows a high Third World solidarity for both years, with Algeria, India, and Peru pairing at the 1,000 level with each other in 1972 and appearing as pairs at a lower level in 1973. Yet in neither year did Brazil pair with any of them. Brazil's distance from a typical Third World economic position is great, since for 1972 the three Third World states averaged 68.2% of their pairings with Afro-Asia, 40.9% more than Brazil did. In 1973, the three-state average of pairings with Afro-Asia states was 71.3%, still 27.5% higher than Brazil's, even though the latter increased its Afro-Asian pairings at the expense of its Latin American pairings. In both years all three Third World states had agreements with a greater absolute number of Latin American states than did Brazil.

Brazil's pairings show a very different pattern from those of the USA and USSR, heavily confined to their own camps with fewer total pairings than Brazil. In all the years surveyed, only in the single vote of 1968 did Brazil pair economically with the USA and it never paired with the USSR.

Votes on Political Issues

Brazil's record on substantive political issues is presented in Table 3, with many more pairings evident than in economic matters. The first year (1952) shows a higher percentage agreement with Latin American states than do the others, and the highest percentage agreements with Western states occurred under the revolutionary regimes of 1966 and 1968, as did the lowest coincidence with Afro-Asia. Of all the years listed, only in 1958, 1966, and 1968 did Brazil pair with the USA.

The years of 1972 and 1973, with 130 pairings, saw a strong Brazilian shift toward a Third World stance in political issues, with agreement with 31 Afro-Asian states in 1972 and with 53 in 1973; this may be attributable to the diffuse freezing of power concern in Brasília and contrasts with the few (3 and 7) Afro-Asian states with which Brazil found agreement on economic issues in those years. Table 4 shows that although Brazil's Afro-Asian agreements were 19.8% under the average of the three Third World representatives for 1972, by 1973 it was only 1.0% below the average. (This, of course, is an average of regional agreements and does not imply that the same states are involved in all four sets of pairings.) In 1972 Brazil paired only with

Peru, but in 1973 paired with all three Third World representatives. Brazil's absolute number of pairings with Latin American states is almost twice as high in the political as in the economic issue area, 11 and 6 in 1972 and 13 and 7 in 1973.

Although Brazil's political pattern in both years differs from that of the highly-isolated USA and the USSR (confined mainly to its own grouping), overlapping of its voting at the 0.75 level or above did occur with a number of Western states. Brazil paired in both years with Australia, Cyprus, Iceland, New Zealand, Norway, Spain, and Sweden and in only one year with Austria, Canada, Denmark, Finland, Ireland, Japan, and Malta. Yugoslavia was the only Communist country with which Brazil concurred, in both 1972 and 1973.

Votes on Colonial Issues

Anti-colonialism was often considered the sine qua non for Third World membership, because it was the original reason for existence of the coalition and has characteristically been the issue in which the highest intra-group solidarity is found. As seen in Table 5, on this criterion Brazil scores extremely low, largely because of support for Portugal in Africa, resistance to international isolation of South Africa, and a general tendency to be somewhat but not fully sympathetic to colonialist interests in the 1950's. Especially noteworthy are the results of ambivalent voting on the issue--only 81 total pairings for the 7 years, two-thirds of which occurred in the anti-colonialist Goulart administration and 11.1% in the

Castello Branco government, which carefully supported the West on what it saw as a Cold War issue. These were the years of the most numerous pairings with Afro-Asian and Western states respectively, and the only years since 1958 in which anything approaching a clear stand with a group is apparent, because 1968, 1972, and 1973 have a total of only 4 pairings, with Spain (twice), El Salvador, and Uruguay. (The absence of Portugal in all years is conspicuous, but Brazil did pair with South Africa in 1958.)

The voting records of Algeria, India, and Peru (Table 6) show the isolation of Brazil in terms of number of agreements and its distance from the Third World. No Brazilian pairing with an Afro-Asian state occurred in either year, while the three representatives averaged 63.7% and 65.1% of their agreements occurring with Afro-Asian states. It should be understood that these latter figures, far from indicating lower Third World solidarity on colonialist issues than on political or economic issues, actually reflect the adherence to the anti-colonialist cause of several Western states--Australia, Cyprus, Greece, Iceland, Israel, Malta, New Zealand, and Turkey--and the support of about 15 Latin American countries. Therefore, Brazil's position becomes all the more unique and atypical of the General Assembly consensus, as well as unlike those of USA and USSR.

Table 1--Brazil's Regional Patterns of Agreement at or Above the 0.75 Level in the U.N. General Assembly Plenary Voting on All Substantive Economic Issues

Percentage of Pairings at or Above the 0.75 Level

<u>Year</u>	<u>Number of Votes</u>	<u>Total of Pairings</u>	<u>Western Europe, USA, and Allies</u>	<u>Communists</u>	<u>Afro-Asians</u>	<u>Latin Americans</u>
1952	4	30	3.3	0.0	46.7	50.0
1958	4	1	0.0	0.0	0.0	100.0
1968	1	27	66.7	0.0	11.1	22.2
1972	11	11	9.1	9.1	27.3	54.5
1973	9	16	12.4	0.0	43.8	43.8

Table 2--Regional Patterns of Agreement for Selected States at or Above the 0.75 Level in U.N. General Assembly Plenary Voting on All Substantive Economic Issues

Percentage of Pairing at or Above the 0.75 Level

<u>Country and Year</u>	<u>Number of Votes</u>	<u>Total of Pairings</u>	<u>Western Europe, USA, and Allies</u>	<u>Communists</u>	<u>Afro-Asians</u>	<u>Latin Americans</u>
Algeria-1972	11	89	5.6	3.4	67.4	23.6
Algeria-1973	9	75	2.7	2.7	73.3	21.3
India-1972	11	87	5.7	3.5	67.8	23.0
India-1973	9	53	5.7	5.7	66.0	22.6
Peru-1972	11	88	5.7	3.4	69.3	21.6
Peru-1973	9	63	1.6	3.2	74.6	20.6
USA-1972	11	16	100.0	0.0	0.0	0.0
USA-1973	9	10	100.0	0.0	0.0	0.0
USSR-1972	11	9	0.0	77.8	0.0	22.2
USSR-1973	9	7	28.6	71.4	0.0	0.0

Table 3--Brazil's Regional Patterns of Agreement at or Above the 0.75 Level in the U.N. General Assembly Plenary Voting on All Substantive Political Issues

Percentage of Pairings at or Above the 0.75 Level

<u>Year</u>	<u>Number of Votes</u>	<u>Total of Pairings</u>	<u>Western Europe, USA, and Allies</u>	<u>Communists</u>	<u>Afro-Asians</u>	<u>Latin Americans</u>
1952	20	7	14.3	0.0	28.5	57.2
1958	12	45	33.3	0.0	31.2	35.5
1963	8	41	19.5	2.4	46.3	31.8
1966	18	50	42.0	0.0	22.0	36.0
1968	6	24	79.2	0.0	4.1	16.7
1972	25	52	17.3	1.9	59.6	21.2
1973	12	78	14.1	1.3	67.9	16.7

Table 4--Regional Patterns of Agreement for Selected States at or Above the 0.75 Level in the U.N. General Assembly Plenary Voting on All Substantive Political Issues

Percentage of Pairings at or Above the 0.75 Level

<u>Country and Year</u>	<u>Number of Votes</u>	<u>Total of Pairings</u>	<u>Western Europe, USA, and Allies</u>	<u>Communists</u>	<u>Afro-Asians</u>	<u>Latin Americans</u>
Algeria-1972	25	49	2.0	4.1	85.7	8.2
Algeria-1973	12	78	12.8	2.6	69.2	15.4
India-1972	25	35	2.9	8.6	82.8	5.7
India-1973	12	86	12.8	5.8	67.4	14.0
Peru-1972	25	63	9.5	3.2	69.8	17.5
Peru-1973	12	84	14.3	2.4	70.2	13.1
USA-1972	25	0	0.0	0.0	0.0	0.0
USA-1973	12	3	100.0	0.0	0.0	0.0
USSR-1972	25	7	0.0	100.0	0.0	0.0
USSR-1973	12	11	27.3	63.6	9.1	0.0

Table 5--Brazil's Regional Patterns of Agreement at or Above the 0.75 Level in U.N. General Assembly Plenary Voting on All Substantive Colonial/Trusteeship Issues

Percentage of Pairings at or Above the 0.75 Level

<u>Year</u>	<u>Number of Votes</u>	<u>Total of Pairings</u>	<u>Western Europe, USA, and Allies</u>	<u>Communists</u>	<u>Afro-Asians</u>	<u>Latin Americans</u>
1952	11	7	0.0	0.0	0.0	100.0
1958	5	7	28.6	0.0	14.3	57.1
1963	7	54	5.6	22.2	50.0	22.2
1966	9	9	100.0	0.0	0.0	0.0
1968	15	0	0.0	0.0	0.0	0.0
1972	16	3	33.3	0.0	0.0	66.7
1973	22	1	100.0	0.0	0.0	0.0

Table 6--Brazil's Patterns of Agreement for Selected States at or Above the 0.75 Level in U.N. General Assembly Plenary Voting on All Substantive Colonial/Trusteeship Issues

Percentage of Pairings at or Above the 0.75 Level

<u>Country and Year</u>	<u>Number of Votes</u>	<u>Total of Pairings</u>	<u>Western Europe, USA, and Allies</u>	<u>Communists</u>	<u>Afro-Asians</u>	<u>Latin Americans</u>
Algeria-1972	16	91	7.7	13.2	62.6	16.5
Algeria-1973	22	97	6.2	14.4	65.0	14.4
India-1972	16	93	6.5	12.9	65.6	15.0
India-1973	22	99	7.1	14.1	63.6	15.2
Peru-1972	16	94	7.4	12.8	62.8	17.0
Peru-1973	22	99	6.1	14.1	66.7	13.1
USA-1972	16	1	100.0	0.0	0.0	0.0
USA-1973	22	1	100.0	0.0	0.0	0.0
USSR-1972	16	91	5.5	13.2	65.9	15.4
USSR-1973	22	98	6.1	14.3	64.3	15.3

Appendix #2. Brazil's Representation Abroad

Several statistics show the seriousness with which Brazil has regarded IGO's since at least 1961. Between 1961 and 1966, Brazil had the seventh largest delegation in the United Nations General Assembly, the largest among developing countries with the single exception of Nationalist China, while it ranked only twentieth in diplomats sent abroad in 1963-64.^{1/} In August, 1974, according to the UN diplomatic list, the size of its delegation (21) was surpassed only by those of Egypt and Cuba among LDC's, and ranked as the tenth largest. Brazil has been elected to a non-permanent post in the Security Council five times since the organization's founding and traditionally gives the first speech in the General Debate opening each Assembly session (a function its diplomats feel sets the tone for the national statements that follow). Globally, in 1973 Brazil had opened a high number of channels for multilateral interaction with many states because it shared a total of 1117 membership pairings with 108 different nations in IGO's, ranking it fifteenth among 118 nations in number of shared memberships. This was the highest number of shared memberships for any developing country and close behind the United States with 1141 shared memberships with 103 nations.^{2/}

Between 1963 and 1973, Brazil expanded its non-consular diplomatic staff and support personnel abroad in bilateral and multilateral posts from 839 to 1,222, a growth of 45.6%. In that decade, while the permanent political representation in foreign capitals grew by 43.4%, that in IGO's grew by 66.7%; in other terms, the proportion of all Brazilian political

representation abroad found in permanent delegations to IGO's increased from 9.7% to 11.0% over the ten-year period, even with the opening of new embassies in Africa, Asia, and the Middle East.^{3/} This increase implies slightly heightened attention to and activity in the principal international organizations of which Brazil is a member.

Other insights can be gained by comparison of data from the latter half of the decade. Table 1 illustrates staff size and changes in permanent Brazilian IGO representation and the two UN functional centers of Geneva and Paris.

Table 1--Staff Size of the Six Brazilian Permanent Delegations to International Organizations (Diplomats and Support Personnel)

	<u>1968</u>	<u>1973</u>	<u>Net Change</u>
United Nations, New York	32	38	+6 (+19%)
United Nations, Geneva	23	35	+12 (+52%)
OAS	12	19	+7 (+58%)
LAFTA	18	18	+0
UNESCO	11	15	+4 (+36%)
EEC	8	10	+2 (+25%)
	<u>104</u>	<u>135</u>	<u>+31 (+29.8%)</u>

Source: Brazilian Foreign Ministry's Lista do Pessoal no Exterior, August, 1968 and July 1973. Tables 2 and 3 are from the same personnel lists.

In an average of both years, the three UN-related posts took up two-thirds nearly/ (64.3%) of the permanent IGO staff of Brazil, while the two posts related to hemispheric affairs averaged only 28.1% for the period. Multilateral EEC relations accounted for an average of 7.6% of Brazilian permanent IGO representation.

The six IGO posts can be compared with the political staffing of the six largest embassies which Brazil maintains as in Tables 2 and 3.

Table 2--Staff Size of Non-Consular Personnel at the Six Largest Brazilian Embassies (Diplomats and Support Personnel)

	<u>1968</u>		<u>1973</u>
Washington	65	Washington	81
London	45	London	67
Montevideo	42	Paris	58
Buenos Aires	39	Buenos Aires	57
Paris	38	Rome	44
Rome	38	Montevideo	43
	<u>267</u>		<u>350</u>

Table 3--Trends in the Staff Size of Brazilian Non-Consular Representation Abroad (Diplomats and Support Personnel)

	<u>1968</u>	<u>1973</u>	<u>Increase</u>
All Embassies and Legations to Foreign Capitals	976	1087	11.4%
Permanent Delegations to International Organizations	104	135	29.8%
Six Largest Embassies	267	350	31.0%

In both years no IGO delegation of the six had as many personnel as any of the six principal embassies. It can be seen in comparison, however, that the staffing of the IGO posts from 1968 to 1973 grew 2.6 times as rapidly as did all staffing in embassies and legations to foreign capitals, but did not quite keep pace with the staff increases in the six largest embassies.

This finding would indicate that Brazil is tending to put its diplomatic work capacity increasingly into the six IGO posts and the six main embassies, which taken together made up

34.4% of its political work-force abroad in 1968 and grew to 39.7% by 1973. This interpretation is further strengthened by the fact that while the average staff size in all of its embassies and legations to foreign capitals rose by only 14.9% (14.1 to 16.2) between 1968 and 1973, the average staff size in the six IGO's rose by 30% (17.3 to 22.5) and that in the six major embassies rose by 31% (44.5 to 58.3). (These figures reflect political, economic and cultural personnel staffing or work capacity, not how much relations are or are not being diversified, by establishment of new relationships with or smaller embassies in African and Arab states for example. Nor do these figures take account of strictly consular personnel.)

BRAZIL'S MULTILATERAL DIPLOMACY

NOTES

Notes to Section 1, pages 1-4

1. J. O. de Meira Penna, Politica Externa: Seguranca e Desenvolvimento (Rio de Janeiro: AGIR, 1967), p. 45.
2. Summarized in "Brazil Today," Embassy of Brazil, Washington, D.C., September 24, 1974. Success in the Plans's goals is predicated upon "a minimum level of normalcy in the international situation," but the track record of the three previous plans of the revolutionary regime is quite good.
3. Supervising Director of the Brazilian Aeronautic Company (Embraer) in O Estado de São Paulo, May 28, 1974, p. 18 and the Director of the National Space Research Institute (INPE) in Jornal do Brasil, July 13, 1974, p. 14. The ambitious programs of the first decade of INPE are described in "Brazil: Into Orbit," Latin America, August 27, 1971, p. 276.
4. "Brazilian Bulletin," Brazilian Government Trade Bureau, New York City, January, 1973, p. 6.
5. "Discurso de Tanaka," Jornal do Brasil, September 17, 1974, p. 7.

Notes to Section 2, pages 5-21

1. "Brazil: Minerals are Private," Latin America, August 25, 1972, p. 271.
2. Jornal do Brasil, January 6, 1975, p. 10.
3. Mario Henrique Simonsen, "Current Aspects of the Brazilian Economy." Brazilian Bulletin (Brazilian Government Trade Bureau, New York City), October 1974, p. 1.
4. From a statement by Minister of Mines and Energy Ueki in O Globo, October 10, 1974, p. 18.
5. In mid-1973, the President of the Companhia de Pesquisas de Recursos Minerais classified the following minerals according to the supply-demand situation in Brazil: Strategic--coal, copper, sulphur, natural gas, petroleum, and uranium; Critica--antimony, cobalt, molybdenum, gold, pyrite, platinum, silver, vanadium, amianthus, chrysolite, apatite, bentonite, bromine, lead, chromium, fluorite, zinc, and titanium. Of course, the widespread prospecting finds will affect this classification from time to time. See Dr. Ronaldo Moreira da Rocha, "Minerais Estratégicos e Críticos," Segurança e Desenvolvimento, No. 154 (1973), p. 75.
6. According to the Minister of Mines and Energy, about 40% of the oil consumed in Brazil is used for gasoline, with the rest going into diesel oil, fertilizers, plastics, and other by-products. This high percentage is caused by the role of vehicle manufacture in heavy industry, the trucking economy, lack of need for central heating in the tropical climate, and almost complete use of hydroelectric power in industry. (Recently, 80% of the country's fertilizer supply has been imported, but self-sufficiency is expected within several years.)
7. Jornal do Brasil, January 30, 1975, p. 28.
8. "Petrobrás anuncia descoberta de novo campo de petróleo em Alagoas," O Globo, July 2, 1974.
9. O Estado de São Paulo, October 17, 1974, p. 18.

10. Jornal do Brasil, November 28, 1974, p. 24.
11. The Overseas Development Council forecast in April, 1974, that in the course of the year Brazil would spend nearly two-thirds of the funds used by Latin American countries to import fuels. O Globo, April 13, 1974, p. 11.
12. The abortive plan is sketched in O Globo, August 12, 1973, p. 15.
13. The politics of the Portuguese Africa policy switch are analyzed in my "Brazilian Relations with Portuguese Africa in the Context of the Elusive 'Luso-Brazilian Community'," Journal of Inter-American Studies and World Affairs (February 1976).
14. Interview published in O Estado de São Paulo, January 12, 1974. Brazil has since continued to meet all these conditions.
15. See, for example, the strongly worded editorial in O Estado de São Paulo, September 10, 1974, p. 3.
16. Jornal do Brasil, November 6, 1974, p. 21.
17. Jornal do Brasil, September 18, 1974, p. 3.
18. Ronaldo Moreira da Rocha, p. 77.
19. "O Mercado de Minérios," Comércio e Mercados (April, 1974), p. 44.
20. O Globo, November 6, 1974, p. 18.

Notes to Section 3, pages 22-35

1. Annual Coffee Statistics, 1973 (New York: Pan-American Coffee Bureau, 1974), pp. 38-41.
2. United Nations Economic and Social Council, Economic Commission for Africa, Fifth Joint ECA/OAU Meeting on Trade and Development (Geneva, 13-21 August, 1970) - Commodity Problems and Policies. E/CN. 14/WP. 1/27, OAU/TRAD/26, 10 July, 1970, p. 54.
3. Brazil Today, Brazilian Embassy, Washington, D.C., November 30, 1973.
4. Rex E. Dull, "International Cocoa Agreement Ready to Begin Operation," Foreign Agriculture (September 17, 1973), p. 6.
5. Interview in Jornal do Brasil, January 2, 1975, p. 14.
6. "Brasil vai produzir 10 milhões de toneladas de açúcar em 1980," Jornal do Brasil, November 21, 1974, p. 18.

Notes to Section 4, pages 36-47

1. In the 1972 imports from Africa of \$163.2 million, Zambia (30.4%), Algeria (27.3%), Nigeria (14.6%), and Libya (12.1%) dominated for a total of 84.4%.
2. Interesting and typical observations of an African visiting Bahia are recorded in Anani Dzidzienyo, "The World of the Afro-Brazilians," West Africa, March 5, 1973, p. 301.
3. Brasil, Ministério das Relações Exteriores, Lista do Pessoal no Exterior, 1973 (Brasília: MRE, 1973).

Notes to Section 5, pages 48-55

1. International Monetary Fund, Annual Report of the Executive Directors for the Fiscal Year ended April 30, 1974, (Washington, D.C.: IMF, 1975), p. 130.
2. On January 31, 1975, Brazil had 162.8 million SDR's and was accumulating, surpassed only by India, with 239.9 million and drawing downward. Brazil's SDR holdings as a percentage of allocations was 106.8% surpassed only by Venezuela (107.1%) and Cyprus (117.2%) among LDC's. Its Fund quota as of January, 1975 was 440 million SDR's, equal to that of Argentina and surpassed among LDC's only by India (940 million) and Taiwan (550 million). At the same time its reserve position in the Fund was 116.3 million SDR's, surpassed by only 4 LDC's, all of them oil exporters (Venezuela, Kuwait, Iran, and Saudi Arabia).

Figures are taken from the above Annual Report, p. 88, and IMF, International Financial Statistics, March, 1975 (Washington, D.C.: IMF, 1975), pp. 10-13.

3. By June 30, 1974, Brazil had acquired a total of 49 loans from IBRD, amounting to \$1.89 billion (8.0% of the total funds granted to that date), making it the favored borrower. (Mexico was close behind at \$1.86 billion.) Even if IBRD loans and IDA credits are taken together for all countries, Brazil still ranks second after India, which has an IDA/IBRD borrowing ratio of 2.1:1. In mid-1974, Brazil stood third, with Argentina, among LDC's (behind India and Taiwan) in voting power at the IBRD, based on subscriptions to capital stock.

Figures taken from World Bank--Annual Report, 1974 (Washington, D.C.: World Bank, 1975).

4. International Finance Corporation, 1974 Annual Report (Washington, D.C.: IFC, 1975), p. 41.
5. Ibid., pp. 14-15.
6. Ibid., p. 46.

7. Inter-American Development Bank, Annual Report, 1973
(Washington, D.C.: IADB, 1974), p. 14.
8. Ibid., p. 15.
9. Ibid., p. 37.
10. Ibid., p. 18.

Notes to Section 6, pages 56-76

1. In 1967 Algiers preparation for UNCTAD II of 1968, for example, Brazil's delegation was clearly the spokesman for Latin America. By the 1971 preparations for UNCTAD III, Brazil's economic distance from the average Third World situation had severely handicapped its initiatives even among Latin Americans. In UNCTAD III itself, Brazil demonstrated a mixture of industrial and industrializing interests, reflected in the statement of a government official to a Rio newspaper that, "If Brazil's economic growth continues at the same rate as at present, we shall have left underdevelopment far behind by the time the recommendations of this conference are put into practice." Quoted in "Latin America: Divergent Lines," Latin America, April 14, 1972, p. 116.
2. José Oswaldo de Meira Penna, "A Diplomacia e o Poder Político Nacional," Seguranca e Desenvolvimento, No. 155 (1973), p. 166.
3. See, for instance, O Estado de São Paulo, April 7, 1974, p. 28.
4. "Paulinelli sugere estímulos para produção de alimentos," Jornal do Brasil, November 7, 1974, p. 14.
5. Paulo Nogueira Batista, "Desigualdades Econômicas e Conflictos Ideológicos," Seguranca e Desenvolvimento, No. 155 (1973), p. 140. (This is essentially a warning to be on guard for freezing of the international power structure through flattery which would make Brazil forget the true nature of its national interests.) Nogueira Batista, a strong opponent of the NPT, became the first president of Brazilian Nuclear Enterprises (NUCLEBRÁS) in January, 1975, in charge of diversifying Brazil's energy options and creating an atomic technology capable of building its own reactors and supplying its own fuel.

6. Analysis of Brazil as an upwardly mobile power is made in Norman A. Bailey and Ronald M. Schneider, "Brazil's Foreign Policy: A Case Study in Upward Mobility," Inter-American Economic Affairs, XXVIII, No. 4, (Spring, 1974), 3-25.
7. The episode is described in H. Jon Rosenbaum and Glenn M. Cooper, "Brazil and the Nuclear Non-Proliferation Treaty," International Affairs (London), XLVI, No. 1 (January, 1970), 74-90.
8. A typical comment is the editorial, "Limites do Mar," Jornal do Brasil, May 26, 1974, p. 6.
9. Carlos Calero Rodrigues, "Relações Internacionais do Brasil: Interesses Marítimos," Segurança e Desenvolvimento, No. 152 (1973), pp. 100-101.
10. Jornal do Brasil, January 21, 1975, p. 10.
11. "Brazil: Losing Friends," Latin America, June 23, 1972.
12. The Brazilian position is summarized in Miguel A. Ozório de Almeida, "The Confrontation between Problems of Development and Environment," International Conciliation, No. 586 (January, 1972), pp. 37-56 and the best analysis is Thomas G. Sanders, Development and Environment: Brazil and the Stockholm Conference, American Universities Field Staff, East Coast South America Series, Vol. XVII, No. 7 (June 1973). Both of these make clear that Brazil is not "in favor of pollution," contrary to some views spread in the US and Western Europe by environmentalists. Since 1972, there has been increasing national acknowledgement of the need for some restraints on environmental damage, especially in developed regions of the country.
13. "Boletim Especial," Brazilian Embassy, Washington, D.C., October 22, 1974.

Notes to Section 7, pages 77-89

1. From 1968 to 1974 it paid in \$18.63 million in quotas and contributions (22% of the total, excluding the U.S.) but received direct services of only \$7.95 million (10.2% of the total). This cost-benefit ratio of 2.34 to 1 is surpassed only by Mexico (3.3), while the other net contributors are nearer to the break-even point--Venezuela (1.6), Argentina (1.2), and Jamaica (1.1). (OAS General Secretariat, Progress Report as of June 30, 1974, Washington, D.C.: OAS, 1974, p. ix.) Brazil's estimated direct services to be received from 1974-80 amount to 9.9% of the total, in spite of the facts that in 1970 it made up 33% of the region's population, has a per capita income near the Latin American average, and in the Northeast has one of the largest areas of poverty in the Western Hemisphere. (1974-80 estimate, Ibid., p. x.) A more unfavorable cost-benefit ratio will be felt by Brazil in 1974-80 because, effective in 1974, the OAS contributions of Brazil, Mexico, and Argentina were increased substantially to offset the decrease in contributions required of the 13 poorest OAS members following, and tied to a drop in the United Nations minimum contribution or "floor" which was designed to help the poorest countries).
2. Summarizing the dilemmas of effective Brazilian reaction to the Trade Law, Finance Minister Simonsen said, "Nobody likes that Trade Law...but the question continues to be 'Who is going to put the bell on the cat?'" (Jornal do Brasil, February 25, 1975, p. 16.)

Notes to Section 8, pages 107-112

1. Alvaro Gurgel de Alencar Neto, "A ONU e os Interesses do Brasil no Campo do Desenvolvimento," Segurança e Desenvolvimento, No. 154 (1973), p. 136.
2. The classic statement of this point of view is Joao Augusto de Araújo Castro, "The United Nations and the Freezing of the International Power Structure," International Organizations, XXVI, No. 1 (Winter, 1972), 158-166. The theme is also found in the 1970, 1971, and 1972 statements of Foreign Minister Gibson Barboza opening the General Debate of the UN General Assembly.

Notes to Appendix 2, pages 1-4

1. Robert O. Keohane, "Who Cares about the General Assembly?" International Organization, XXIII (Winter, 1969), 143, and Chadwick F. Alger and Stephen J. Brams, "Patterns of Representation in National Capitals and Intergovernmental Organizations," World Politics, XIX (July, 1967), 651.
2. Alger and Brams, p. 658.